85-6534/

Copies available from:

Ontario Government Bookstore
880 Bay Street
Toronto, Ontario

Or by mail, prepaid, from:

Publications Centre
880 Bay Street, 5th Floor
Toronto, Ontario
M7A 1N8

Price: $2.50

Reprinted December, 1984

ISBN 0-7743-9911-2

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FOREWORD

Money, people and goods are the three resources that are essential to the operation of a corporation, irrespective of whether it is part of the private or public sector. The purpose of this Management Advisory Publication is to discuss the effective management of one of those resources -- the purchase of goods and services in municipalities.

In June 1979, a bulletin was issued as part of the Local Government Bulletin series that discussed various aspects of the purchasing function as it applies to small municipalities.[1] This larger publication is addressed to municipalities that are interested in the merits of centralizing their purchasing activities. It will also be of interest to those that are practising centralized purchasing but are looking for ways to improve its effectiveness.

This Management Advisory Publication discusses the establishment of a purchasing function, the advantages of centralized purchasing, the duties and responsibilities of a purchasing agent, the purpose and content of a procedure manual, effective purchasing techniques, the all-important area of measuring purchasing performance and the experience in Ontario on locally-initiated co-operative purchasing programmes.

The publication recognizes the evolution of the purchasing manager from the purchasing agent and all that is involved in viewing the purchasing function from a managerial perspective rather than the mere buying of goods and services and the processing of purchase orders.

As much as 30 to 50 cents out of every dollar expended for current operations is in the form of purchased goods and services. The impact of lowering the costs of purchased goods and services by a mere 5% to 10% through overall cost reductions and improved materials can therefore substantially reduce or contain municipal operating costs.

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1 Bulletin #25, Purchasing in Small Municipalities was distributed to every municipality and is available by mail from the Publications Centre, 880 Bay St., 5th Floor, Toronto, Ontario M7A 1N8 for $0.50.

Bryan J. Isaac, a local-government adviser in the Municipal Administration Branch, conducted the necessary research and prepared these guidelines for publication. He has been advising Ontario municipalities in administrative, management, and financial matters for several years and has had ample opportunity of observing municipal purchasing practices at close hand, particularly in his work with the Waterloo Region Review Commission in 1977 and 1978.

Many members of the staffs of municipalities and other local authorities assisted Mr. Isaac in his research for this publication by giving freely of their time and generously sharing their experience and philosophy in personal interviews. The Ministry is grateful to them for this assistance and also to those who agreed to review and comment upon an early draft.

D.W. Stevenson
Deputy Minister

1. Approaches to Purchasing

In its broadest context, purchasing is concerned with the acquisition of all goods and services beyond those provided directly by employees of an organization. In a municipality, as in any organization, this embraces the purchasing of materials, supplies, equipment, furniture and all services performed under contract, whether for construction of new public works or provision of services in connection with its regular operations.[2]

The function of purchasing exists therefore in every municipality, be it a small town of 5,000 people or a city of 100,000.

Normally in a small municipality, there is not sufficient activity to warrant a full-time purchasing unit. The annual volume of goods and services purchased is often less than one million dollars and it is usually more practical as well as economical to adopt a semi-centralized purchasing system.

For the benefit of the small municipalities, the following three approaches to a semi-centralized system are reviewed. For further discussion on purchasing in small municipalities, refer to Bulletin #25, published by this Ministry.

One approach is to place the actual buying process in the hands of an individual in each of the user departments who handles purchasing as part of the overall duties. Formal financial control is exercised through a purchase-order system with the audit and payment of invoices handled by the Treasurer.

Another approach is to have the main user of any given item be the purchaser for the municipality as a whole. As an illustration, the clerk's department could purchase all office supplies. As with the previous approach, formal financial control is exercised through the treasurer.

The third approach is to assign the purchasing function to a single department, such as treasurer's or clerk's, and give the authority and responsibility for the buying to one individual. This approach will allow the smallest of municipalities to reap the benefits of co-ordinated purchasing, particularly with reference to prices.

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2 Lennox L. Moak and Albert M. Hillhouse Concepts and Practices in Local Government Finance, Chapter 11 -- "Procurement" Municipal Finance Officers Association of the United States and Canada, 1975.

Small as well as large municipalities should not overlook the benefits of co-operative purchasing. This method offers significant savings and quite often the benefit of improved service and possibly quality as a result of larger purchase volumes. For further discussion on co-operative purchasing, refer to Chapter VII of this publication.

In a large municipality where the value of goods and services purchased amounts to several millions of dollars each year, it is customary that purchasing is fully centralized and the responsibility for the management of the function turned over to a full-time professional purchasing agent.

2. Scope of the Purchasing Function

The purpose of the purchasing function in a municipality is to procure the required goods and services in a manner that will result in maximum value for tax dollars expended. More specifically, this means that goods and services should be purchased in the proper quantity, of the desired quality, that arrive at the required time and at the lowest possible ultimate cost.

Most professional purchasing agents recognize that the lowest possible ultimate cost is the main criterion to go by when purchasing goods, equipment or services. Quality and service are as important as price. Prompt delivery and good price are not enough if a product's quality is inferior or the service is poor.[3]

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[3] While provincial purchasing agents are expected to observe these same principles, the Provincial Government has adopted a policy of requiring a price preference of up to 10% to be given in respect of the Canadian content of goods and services supplied to Ministries and other agencies of the Government of Ontario. This is to ensure that the taxpayers who provide the funds for government receive the benefits of their investments in terms of employment and profits.

The Treasurer of Ontario emphasized this policy in his Economic Statement of November 13, 1980.

The Ministry of Intergovernmental Affairs strongly recommends that municipal councils move to adopt and implement this policy in their own purchasing procedures.

In recent years some municipal purchasing agents have adopted the technique of life-cycle costing to determine the total ultimate cost of goods and services, particularly with reference to equipment. This technique evaluates the total cost of acquiring goods and owning equipment by taking into consideration maintenance, operating and energy costs as well as the impact of productivity performance and, where applicable, trade-in or recovery value upon disposal.

The purchasing process itself includes all the steps associated with the acquisition of goods and services from the time a need is identified until the goods are received and approved for use, or the service is performed. The degree of formality and procedural details may vary from municipality to municipality, and/or from item to item, but each purchase goes through the following typical cycle:

- specifications
- the requisition
- source selection, and/or advertising
- quoting
- bidding and tendering
- bid analysis
- issuance of purchase order
- follow up or expediting
- receipt of goods or service
- inspection
- invoice audit and payment

Additionally, the purchasing process should include stores and inventory control as well as the responsibility for the disposition of scrap, obsolete or surplus inventory.

It is not sufficient that goods and services merely be bought; in to-day's environment of scarce financial resources, purchasing involves much more than simply processing orders. The purchasing function has a key role to play in reducing costs so that the pressure on property taxes can be lessened. Some of the techniques available to a purchasing agent to achieve this end are described throughout this publication.

3. Summary

The purchase of goods and services is a necessary function and involves spending a significant percentage of a municipality's budget.

It is important therefore that municipalities frequently review their method of purchasing to ensure that they are buying as efficiently and effectively as possible and employing modern procurement techniques and practices

This publication is written for the guidance of those municipalities whose volume of purchasing is sufficient to consider implementing a fully centralized purchasing system. It will also be of interest to those municipalities that have a fully centralized system and are interested in improving its effectiveness.

1. What is a Fully Centralized Purchasing Function?

A fully centralized purchasing function is one that has the vested authority and responsibility for procuring goods and services for all municipal departments. It is usually headed by a qualified purchasing agent who has authority and responsibility delegated to him by by-law (see Chapter III) to manage and co-ordinate the purchasing function.

As discussed in Chapter I, although a fully centralized purchasing system is not appropriate for all municipalities, there may come a time in the growth of a municipality that warrants a review of its purchasing procedures.

To assist such municipalities, this chapter reviews the step-by-step process to follow to assess the need for a fully centralized purchasing function, the benefits that accrue in terms of savings in costs, better purchasing management and improved administrative control, implementation activities and its potential place in a municipal organization.

2. Assessing the need for a Fully Centralized Purchasing Function

Assessing the need is, of course, the initial step in considering a centralized purchasing system. The main objective in the assessment process is to determine whether there is a need for centralized purchasing.

The questions that need to be answered centre on such areas as what savings can be achieved through centralized purchasing. What problems are being experienced (for example, paying more tax than is necessary, receiving damaged or poor quality products)? Is there a need for a standardization programme or improved bidding procedures? What legal problems exist? Are expenditures adequately controlled? What are the costs -- direct and indirect -- when a number of different people do the buying job as well as holding other responsibilities? More specifically, the facts that need to be determined are:

- the scope of current purchasing functions and practices,
- the location of the buying points in the municipality,

- the kinds and types of goods and services purchased and departments using them,
- the volume and value of purchases and usage by department,
- man-hours spent on the purchasing process by each department,
- potential cost benefits through centralization of the purchasing function.

These can be determined through a simple survey. Simply visit each department's key personnel and find out who purchases what, in what quantities, and current prices being paid. The results of the survey can be compared with the practices of municipalities having a centralized purchasing system.

3. Benefits of Centralized Purchasing

As discussed earlier, the degree of centralization tends to vary in accordance with the size of a municipality and the total value of goods and services purchased. In medium and large municipalities, the cost of goods and services purchased can amount to many millions of dollars each and every year. On this scale of purchasing, the benefits of a properly managed, fully centralized purchasing function with well-developed procedures become more apparent.

The benefits contrast sharply with the practices of a decentralized system whereby each department head handles purchasing as an incidental function for his own department's purpose.

A decentralized system results in each department head purchasing according to his own developed practices, producing a duplication of the purchasing process throughout the municipality. As well, several departments may purchase from the same supplier, with a resultant lack of control on prices paid.

The benefits of centralized purchasing that have a significant positive impact on the operation of a municipality may be grouped into the following three areas:

a) Lower Prices of Goods and Services
b) Better Purchasing Management
c) Improved Administrative Control.

a) Lower Prices of Goods and Services

The opportunity for lower prices is enhanced as a result of centralized purchasing through buying in bulk quantities. Centralized purchasing is able to consolidate the requirements of a municipality's various departments. Consolidation of requirements need not, of course, be confined to those items that are exactly identical, but may include those that are similar and available from the same supplier. For example, various departments in a municipality may choose to use different sizes of envelopes, but a supplier might offer an advantageous price to get all of the envelope business because he is interested in volume. There are many examples of goods of this nature being purchased that, although they may vary in specifications, can be supplied by one vendor. Because of the resultant greater buying power, together with the application of purchasing skills and knowledge, lower prices are thus obtained than might otherwise be possible.

Involvement of all departments or end-users is, of course, very important. They must be able to contribute to make the system work.

Purchasing agents conservatively estimate that, in tangible terms, centralized purchasing lowers the cost of goods and services by at least 10% over that of decentralized buying by individual departments. Additionally, volume discounts, often averaging 5%, may be earned. Often these are even more generous with a higher purchasing volume. A centralized function is more apt to take advantage of such discounts and also in conjunction with accounts payable derive prompt payment discounts.

It can readily be seen that, with potential savings of some 15% or more, there are significant advantages to be realized from centralized purchasing, providing, of course, that the volume of goods and services purchased is sufficient to justify the costs.

There are certain intangible costs associated with decentralized purchasing that are hard to measure. Such costs are the result of bad purchasing practices and indiscriminate buying by individual departments who are merely "buying" instead of "purchasing". Lack of experience and expertise may lead to needs or requirements being improperly defined with the result that vendors may not supply the proper goods at the most advantageous price. The impact of these intangible costs in a decentralized purchasing approach

will, of course, depend on the size of a municipality. Certainly, in small municipalities, the volume of goods and services may be such that the effect is not significant.

b) Better Purchasing Management

Centralized purchasing enhances all those elements involved in good purchasing management. In addition to the buying process, this includes purchasing goods and services in the right quantities, the need to ensure their delivery at the right time and place, and maintaining proper inventory levels and control.

Requirements need to be carefully determined and scheduled so that surplus stocks and shortages are minimized and the flow in and out of stores is controlled. Inventory must be carefully controlled and kept at pre-determined levels. Those items no longer useful need to be disposed of as surplus, obsolete or scrap. In the private sector, the responsibility for receiving, storage and inventory control is usually given to the purchasing function. The placing of this responsibility should be no different in a municipality where proper receiving and inventory records and procedures are also essential for an effective purchasing programme.

i) The Receiving Process

The receiving process, the next to final step in the purchasing cycle (the final step is payment), goes hand in hand with good inventory control. In this regard and also because the receiving of goods must be carried out in accordance with the principles of good internal control, receiving is a more important function than is sometimes recognized.

The receiving function is responsible for checking incoming goods both as regards to condition and quantity, seeing that they are delivered to the proper place and/or securely stored for future use, and reporting the receipt of the goods to the proper individuals.

Specifically, the receiver has the following responsibilities:

- Verify that the goods are for the municipality and a purchase order is on file for them.

- check to see if shipment has been tampered with or damaged in transit;
- record damaged condition on packing slip and carrier's waybill while the carrier is present or on appropriate form for purchasing action and accounting information;
- check information concerning quantities on carrier's documentation to see if number of packages delivered agrees;
- count and record quantities received on receiving report;
- forward copy of receiving report to accounting;
- forward goods and copy of receiving report to proper location for use or store in central stores.
- have receipt of goods signed for by end user if goods are not going into stores.

The receiving of goods is handled in a variety of ways in municipalities. For the purpose of maintaining appropriate control on incoming goods, as many goods as possible should be delivered to central stores. However, goods such as ready-mixed concrete, gasoline, coal and fuel oil are usually delivered directly to the user departments. Goods ordered specifically for the Fire Department, Police Department, day-care centres and so on are often delivered direct. This is usually handled by instructions on the purchase order for delivery direct to the user department. Whatever the practice, the need for goods to be received in accordance with the principles of good internal control is paramount.

To some extent the use of central stores has been reduced by the increasing use of systems contracting, open-end contracts or other forms of stockless buying. For further discussion refer to Chapter V -- Effective Purchasing Techniques.

ii) Inventory Control

A municipality purchases many thousands of items covering a wide variety of goods and services. The list includes building products, janitorial supplies, vehicles and parts of all types, petroleum products, roadway materials, paper products, stationery, food and dairy products, electrical supplies, sewage and water materials, uniforms and so on.

An effective inventory-control system in conjunction with a proper inventory system is therefore essential to keep to a minimum the amount of money invested in inventory as well as to control theft, overstocking and wastage or obsolescence of goods. The whole aspect of inventorying is a very important and crucial area as related to centralized purchasing.

Inventory is created for three basic reasons:

- To buy at advantageous prices to reduce the overall cost of goods.
- To have on hand those items used regularly.
- To provide stock for unpredictable demands and/or against shortages of vital goods due to interruptions in supplies for any one of several reasons.

It is generally more feasible to manage an inventory programme under a fully centralized purchasing function. This is particularly important in determining proper quantities; timing of orders and their delivery based on predetermined minimum and maximum quantities to be stocked; deciding on items and quantities to be ordered for inventory when price increases are expected; and determining quantities to be ordered to take advantage of quantity discounts or freight allowances. However, it should be noted that it is not necessary to get into inventorying to derive the greatest advantages and benefits from centralized purchasing. Inventorying incurs space, carrying costs, possibility of lost, stolen or spoiled goods and obsolescence. It is not appropriate to bulk purchase just to receive volume discounts when the prospect of the goods actually being used is low, thus off-setting any cost savings.

c) Improved Administrative Control

An advantage of a fully centralized purchasing function is its ability to improve the purchasing process through effective planning and control, standardization of material and implementation of innovative purchasing techniques.

i) Planning and Co-ordination

Effective planning and co-ordination is important to any function and the purchasing function in a municipality is no exception.

An efficiently operated, fully centralized purchasing function can help to keep to a minimum the number of rush or emergency orders through good planning procedures for the purchasing function and user departments. Rush orders, in particular, are costly both in terms of unit prices and administrative overhead.

Co-ordination of commodities required by all or many departments is important to the calling of quotations or tenders in order to ensure the best possible prices. Sepcifications should be reviewed and standardized wherever possible. In this regard, purchasing agents should from time to time request and receive from department heads estimates of their future requirements both in terms of quantity and timing.

A reduction in personnel would not necessarily be achieved as a result of consolidating the purchasing personnel from any separate buying departments into a single Purchasing Department. It may be that, to establish a proper centralized purchasing function, increased staffing is necessary, but the cost of that increased staffing would be more than off-set by the improved services accruing from the efficient operation of that function. The volume of paper work can be reduced by reason of fewer purchase orders, invoices, vouchers and various related documents.

Procedures and processes can be standardized to effect savings in time and labour and to increase efficiency.

Late deliveries can be minimized through centralized control. The keeping of central records on repetitive items allows for anticipating requirements in sufficient time to assure supply when needed.

ii) Standardization

The benefits of standardization of material are many and varied. Some of the more obvious advantages are as follows:

- Reductions of the number of types, sizes or grades of similar material will permit procurement of items in larger and more economical quantities, resulting in lower prices and fewer purchase orders to be processed

- Standardization will result in the more efficient and effective use of central stores. Fewer items will be stocked, which in turn will lessen the amount of inventory carried and reduce the risk of obsolescence.

- It is easier to make use of surplus materials when standard materials are used in more than one department.

- Preparation of specifications is simplified and a great deal of work duplication is eliminated.

- With fewer types of materials being purchased, the inspection and testing programme is more efficient and effective.

It is usual for purchasing agents to take the initiative in establishing a standardization programme. They are in the best position to know which items lend themselves to standardization. Some of the more obvious areas are stationery, petroleum products, cleaning supplies, paper products and hand tools. (Exceptions are highly specialized goods used by a single department.) Standardization should not be forcibly imposed on departments. Purchasing agents can be more effective if they identify those items that can be standardized and point out the cost savings and any other benefits. Department heads usually are very willing to co-operate if they can be shown that there are advantages.

Standardization of material is an area which can and should be fully developed.

iii) Implementation of Innovative Purchasing Techniques

There are several innovative purchasing techniques and management practices that are being implemented in some municipalities to improve the efficiency and effectiveness of the purchasing function. They are:

- **Co-operative Purchasing**

  - the joint purchasing of common goods and services by more than one unit of government. For further discussion refer to Chapter VII.

- **Systems Contracting**

  - a stockless purchasing system providing for direct ordering by the requisitioner of approved catalogue items from specific suppliers. For further discussion refer to Chapter VII.

- **Measuring Purchasing Performance**

  - a means of evaluating and improving purchasing performance. For further discussion refer to Chapter VI.

Not all of the techniques and practices are restricted to those municipalities with centralized purchasing. For example, any municipality, large or small, can participate in a co-operative purchasing arrangement. However, the successful implementation of most of them requires a properly organized centralized purchasing function that is staffed by competent people. Each of these important techniques and practices is discussed in the chapters referred to.

4. Implementing a Fully Centralized Purchasing Function

Once a municipality has decided that it wishes to consolidate its purchasing into a fully centralized purchasing function, there are several activities that must occur. These activities centre on determining the basic objectives of a centralized purchasing function and establishing its responsibilities and authority. More specifically, they are as follows:

a) Develop the Basic Objectives of the Function

Creation of a centralized purchasing function represents a recognition that it is an organized activity. It is therefore important that a purchasing function determines its role and objectives.

Despite some differences between public and private purchasing, the functions are similar. The procedural processes and some purchasing practices are different but the managerial processes and basic objectives of public and private purchasing are identical. Both areas are concerned with obtaining the proper quality at the lowest ultimate cost and at the right time. Both take into consideration a supplier's performance as to delivery, quality and service. Both need to identify objectives to achieve cost reductions, to control financial commitments through proper procedures, to promote standardization of specifications, to promote and maintain good vendor relationships and to establish and maintain a central resource knowledge of commodities, services and supply sources.

b) Develop Responsibility, Authority and Accountability

To fulfill his responsibilities, the purchasing agent must be given the appropriate authority. For effective operation of the purchasing function, responsibility and authority are inseparable. The limits of responsibility and authority as well as the purchasing agent's accountability must be clearly stated and enforceable and should be set forth in a by-law. For further discussion on this, refer to Chapter III -- Duties and Responsibilities of a Purchasing Agent.

c) Establish Procedures

Once the centralized purchasing unit is established and a purchasing agent appointed, proper procedures must be developed for the efficient and effective operation of the purchasing function. For further discussion on establishing procedures, refer to Chapter IV -- Purchasing Procedure Manual.

When the above three steps are completed, the elements of a sound purchasing function are in place. To remain effective, the purchasing agent should, of course, periodically review and where necessary refine the functions, role, objectives and responsibilities.

5. Place in the Municipal Organization

No attempt will be made in this publication to recommend a standard reporting relationship between a purchasing agent and his superior. There are a variety of organizational structures and reporting relationships in municipalities throughout Ontario -- and most of them are perceived to work well.

For example, in the Regional Municipality of Waterloo, the Purchasing Officer reports to the Treasurer; in the City of Waterloo, the Purchasing Officer is also the Director of Personnel, and reports to the Treasurer; in the City of Kitchener, the Purchasing Officer reports to the City Clerk. In the City of Sarnia, the Purchasing Officer reports to the City Manager; whereas in the City of Thunder Bay, the Purchasing Officer reports to the Director of Administrative Services.

While evidence shows that there are a wide variety of reporting relationships, it appears from a historical viewpoint that the most predominant one in larger municipalities is that of purchasing agent reporting to the treasurer. Certainly a case can be made for placing the purchasing function under the jurisdiction of the treasurer since purchasing has a greater affinity to finance than to any other central management function.

An alternative relationship that is emerging is the head of the purchasing function reporting to the head of a central administrative services group, particularly when such a group also includes the finance function, -- as in Thunder Bay, for example. The concept of a centralized administrative services group has a lot of potential from a management and administrative point of view.

Although there are differences between private and public-sector purchasing -- mainly in the area of procedures -- the responsibilities and managerial processes are quite similar. As in the private sector, purchasing in municipalities should be a creative, results-oriented management function that is placed in the organizational structures where it can be most effective.

To be effective, a purchasing agent must have the support of council and senior staff. Without this support, no matter how efficient a purchasing agent is, the effect will be limited. This support can only be earned by proving the value of services provided.

If purchasing is merely an order-processing unit with the user responsible entirely for specifications, documentation and price determination, then obviously it is a low-profile operation. If, however, purchasing is responsible for recommending the awarding of contracts for the purchase of goods and services (albeit with user participation) and is held accountable for any actions resulting from a purchase decision or recommendation, then the purchasing organization is a contributor to the management process of a municipality and it should be placed appropriately in the organization.

To fulfill its responsibilities effectively, the purchasing function must be organized to ensure that its lines of authority are clear and accountability is well defined. This is discussed more fully in Chapter III -- "Duties and Responsibilities of a Purchasing Agent."

6. Summary

Purchasing, like finance and personnel, is a support function to the operational departments of a municipality. When specialized knowledge and skills are required in expending large sums of money on goods and services, it makes good management sense to co-ordinate everything related to the supply function through a centralized purchasing function.

A fully centralized purchasing function eliminates the need for each department in a municipality to have its own purchasing staff. The consolidation of all such fragmented efforts eliminates much overlapping and duplication of work. Information concerning sources of supply, market conditions, prices, Federal and Provincial sales taxes, vendor performance, new supplies and new products is developed and maintained for the benefit of a municipality as a whole. The overall cost of goods and services is reduced, with the result that a municipality's purchasing dollars are more effectively spent.

Consolidating purchasing activities also allows for the preparation of a purchasing budget -- a basic management tool in the planning, control and administration of the purchasing function. The data also provides a basis for establishing efficiency measures for use in evaluating performance of the purchasing function.

It appears that there are no exact statistics that show a percentage of actual savings through centralized purchasing. However, it is estimated by professional purchasing associations and purchasing agents that average savings of at least 15% can be achieved.

The Waterloo Region Review Commission conducted a study of purchasing practices in local government within the Region of Waterloo.[4] The Commission found that in terms of a percentage, the cost of operating centralized purchasing departments was 1.6% of the total cost of

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[4] Waterloo Region Review Commission, Purchasing in Waterloo Local Governments, August 1978.

goods and services purchased by the four major municipalities. This seems to compare favourably with an average of 1.8% (excluding cost of stores) that was determined in a verbal survey by the Purchasing Management Association of Canada.

Most municipalities having a population of 50,000 or more practice fully centralized purchasing. However, there are many other municipalities having a lower population that would probably benefit from a centralized approach.

It is estimated that as much as fifty percent of the expenditures for current operations for the average municipality is for goods and services. This is a high percentage of the municipal budget and any technique which would achieve significant savings should be examined. Many municipalities have been surprised with the overall lower prices they have achieved through a centralized purchasing function over what they were paying under a decentralized approach.

1. Purpose of a By-law

Council exercises its powers by by-law. Without a by-law, nothing of any great significance can legally be done by the municipal council or by the staff of the municipality.

The importance of a by-law as an instrument in the exercise of authority of a municipal government is clearly stated in two sections of The Municipal Act.

> **The powers of a municipal corporation shall be exercised by its council** (section 9)
>
> and
>
> **Except where otherwise provided, the jurisdiction of every council is confined to the municipality that it represents and its powers shall be exercised by by-law** (section 241(1)).[5]

A purchasing agent is acting on behalf of a municipality in the placing of purchase orders for goods and services and committing the municipality to the payment of them. It is therefore necessary that a purchasing agent have the authority from council to do so and that his duties, responsibilities and limitations are fully and properly described by a by-law of council.

There is no specific provision, however, in The Municipal Act for the appointment of a purchasing agent. A municipality appointing a purchasing agent to carry out specific duties and responsibilities does so, therefore, under the provisions of section 352, paragraph 63, of The Municipal Act, that provides as follows.

By-laws may be passed by the councils of all municipalities:

> 63. **For appointing such officers and servants as may be necessary for the purposes of the corporation, or for carrying into effect the provisions of any Act of the Legislature or by-law of the council, and for fixing their remuneration and prescribing their duties, and the security to be given for the performance of them.**

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5 For further discussion on by-laws, see Bulletin #7, Drafting Municipal By-laws, available from the Publications Centre, 880 Bay Street, 5th Floor, Toronto, Ontario M7A 1N8 at a cost of $0.50 each.

Because municipal purchasing entails the commitment and expenditure of public funds, it is extremely important that the responsibility for key purchasing activities be clearly fixed in a precisely written by-law. Such a by-law serves to make the purchasing agent accountable and protects the purchasing agent from implied responsibilities. More specifically, it:

- provides visible council support for the purchasing agent in the performance of his duties;
- sets out council's expectations of the purchasing agent in terms of his duties and responsibilities and thus establishes accountability;
- serves to tell the public and suppliers what the purchasing agent's responsibilities are and that he has council's authority to carry out those responsibilities;
- records the intended relationship of the purchasing function with the other departments in the municipal operation; and
- serves as a job description and a recruitment device when hiring a new purchasing agent.

Some municipalities have only an appointment by-law; some have a single by-law that incorporates the appointment and broad duties of the purchasing agent and others have two by-laws, one that prescribes duties and responsibilities and one that appoints. It is not, of course, mandatory that two separate by-laws be enacted; the contents of the two could be combined into one. A review of existing by-laws has shown that practices vary considerably from municipality to municipality.

There appears to be a distinct advantage to having two separate by-laws -- one to prescribe duties and responsibilities and another to appoint a person as purchasing agent.

The duties by-law applies to the position and remains unchanged until the duties and responsibilities change.

As there is no provision for the appointment of a purchasing agent in the duties by-law, it does not require amendment or repeal when a new appointment is made.

2. Contents of the By-laws

A by-law represents a policy statement of council. Insofar as the purchasing function is concerned, one by-law should outline the basic policy of council concerning the procurement of goods and services and the responsibilities and duties of the purchasing agent in carrying out those policies and another should provide for the appointment of a purchasing agent.

The contents of a by-law outlining the duties and responsibilities should be specific enough to hold council and the purchasing agent accountable, but not so all-inclusive as to contain administrative procedures. These are more properly contained in an administration manual, as discussed in Chapter IV. In summary, it should deal with the following areas:

- organizational responsibilities;
- general duties;
- specific responsibilities and duties;
- financial limitations concerning negotiated buying, quotations and tenders;
- conditions concerning petty cash and emergency purchases;
- authority to participate in co-operative purchasing plans;
- conflict-of-interest provisions.

The appointment by-law should simply state who the purchasing agent is, and the person's title.

To assist municipalities that wish to prescribe a by-law outlining the duties and responsibilities of a purchasing agent and appoint one or to update existing purchasing by-laws, samples are included at the end of this section. Subject to the preference of the senior administrative officer and the opinion of the solicitor of a municipality, the model by-laws could be adopted verbatim. However, municipalities will likely find them more useful as a guide in developing or updating their own by-laws in keeping with their own local circumstances and management structures.

Both model by-laws have been produced in response to requests from municipal officials for assistance in this area.

3. A SAMPLE DUTIES BY-LAW

BY-LAW NO. _____

OF THE

CORPORATION OF THE _____

A BY-LAW TO

ESTABLISH POLICIES

FOR THE PURCHASE OF GOODS AND SERVICES

The Council of the Corporation of the _____ of _____ enacts as follows:

RESPONSIBILITIES AND DUTIES

1. The Purchasing Agent shall be responsible for the management, organization and administration of a centralized purchasing function including the development and training of its staff.

2. The Purchasing Agent shall be responsible for making recommendations concerning the implementation of sound purchasing procedures and practices.

3. The Purchasing Agent shall be responsible for the procurement, storage and distribution of all materials, equipment, supplies and services on behalf of the Corporation, such goods and services to be procured at the lowest ultimate cost with due consideration to the importance of quality, service and price and in accordance with the approved policies and procedures of the Corporation.

4. The Purchasing Agent shall be responsible and accountable for the operation of the stores warehouse and an effective inventory-control system with the objective of keeping the inventory at a minimum but at an adequate level to support and supply the various departments.

5. The Purchasing Agent shall be responsible for all vendor contacts, maintaining good business relations, and the conduct of negotiations with vendors.

6. The Purchasing Agent shall be responsible for the issuing of all tender calls. Heads of departments shall supply the Purchasing Agent with specifications that are definitive as to required quality and/or function and such details and information as may be required for his guidance and information in the calling of tenders and the placing of orders.

7. The Purchasing Agent shall from time to time request and receive from the heads of departments of the Corporation estimates of their future requirements in order to ensure adequate supplies of goods and services.

8. The Purchasing Agent shall, wherever possible, promote and co-ordinate standardization of goods with the co-operation of heads of departments. He shall advise on and approve the practicability of specifications to ensure a maximum number of competitive bids and vendors' ability to supply.

9. The Purchasing Agent shall from time to time request and receive from heads of departments of the Corporation lists of goods that are surplus or obsolete so that they may be made available to other departments or, if no longer useful for municipal purposes, arrange for their disposal in the way he deems to be in the best interest of the Corporation. This shall include auctioning in the name of the municipality or participating in co-operative municipal auctions.

10. The Purchasing Agent shall, where beneficial to the Corporation, participate with other levels of governments and other local agencies in co-operative purchasing plans.

LIMITATIONS AND CONDITIONS

11. The Purchasing Agent shall conduct the purchase of goods and services on a competitive basis, in keeping with accepted public purchasing practices and procedures, and in accordance with the applicable laws of the Province of Ontario, the Government of Canada and regulations made pursuant to this by-law.

12. The Purchasing Agent shall not order goods that have not been provided for in the budgets for each department. However, the onus is on the requisitioning department to ensure that goods and services are properly approved and that funds are available.

13. The Purchasing Agent may purchase or contract for goods and services subject to the following limitations and conditions:*

    (i) On purchases not exceeding an amount of $_____** the Purchasing Agent may order on his own authority from such supplier and upon such terms and conditions that in his judgement are beneficial for the Corporation.

    (ii) On purchases of $_____** or more but not exceeding an amount of $_____** from such supplier and upon such terms and conditions that he shall deem advisable after inviting at least three written quotations from at least three suppliers.

    (iii) On purchases that exceed $_____** after calling for tenders to be submitted in sealed envelopes by advertising in a local newspaper and inviting tenders from potential suppliers in accordance with the established tender procedures.

14. Any recommendations to award will be to a bidder meeting specifications, terms and conditions of the tender and whose tender offers the lowest ultimate cost to the City for the goods, equipment or services being tendered with due consideration of the importance of quality, service and price.

15. Where an emergency occurs that in the opinion of the Purchasing Agent or a Department Head constitutes an imminent danger to life or property and requires the immediate procurement of goods and services, the Purchasing Agent or Department Head may purchase such goods or services by open-market procedure at the lowest obtainable price regardless of the amount of expenditure. When such purchase has been made, a full report is to be submitted to ..... (**insert official's title**) by the Purchasing Agent.

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* **The law governing the authority of officials such as a purchasing agent to purchase or contract for goods and services on behalf of a municipality is unclear and provisions which are legitimate for one municipality may not be so for another. A provision such as this therefore should be checked carefully by the municipal solicitor.**

** **insert the amount approved by council**

16. Purchases may be made for urgent or emergency requirements by heads of departments or their designate for items that have a cost of less than twenty-five dollars by way of a small-value purchase-order procedure established for this purpose by the Purchasing Agent.

OTHER

17. No purchases shall be made from any member of council, appointed officer, employee of the Corporation or their immediate family or from any other source that would result in a conflict of interest.

18. No purchase orders shall be issued for personal items for members of council, appointed officers or employees of the Corporation except where purchased for the use and benefit of the Corporation or where fulfilling the terms of a union contract.

19. The Purchasing Agent and every member of council, appointed officer and employee of the Corporation is expressly prohibited from accepting, directly or indirectly from any person, company or corporation to which any purchase order or contract is, or might be awarded, any rebate, gift, money or anything of value whatsoever, except where given for the use and benefit of the Corporation.

By-law read a first and second time this ____ day of _____, 19 ___.

Read a third time and passed this ____ day of _____, 19 ___.

_____ **Clerk**

_____ **Mayor**

A SAMPLE APPOINTMENT BY-LAW

BY-LAW _____

OF THE

CORPORATION OF THE _____

A BY-LAW TO PROVIDE FOR THE

APPOINTMENT OF A PURCHASING AGENT

The Council of the Corporation of the _____ of _____ enacts as follows:

_____ (insert appointee's name) is hereby appointed _____ (insert appointee's title).

By-law read a first and second time this ___ day of _____, 19 ___.

Read a third time and passed this ____ day of _____, 19 ___.

_____ Clerk

_____ Mayor

1. Comparison of Purchasing By-law to Procedure Manual

As discussed in Chapter III, the purpose of a purchasing by-law is to set forth the policies of council concerning the procurement of goods and services. It is not normally amended frequently and when it is, it can only be changed by council.

Administrative and operating procedures on the other hand are subject to frequent changes and therefore should be set out in a purchasing-procedure manual, or an overall municipal administrative manual. They can be prepared in loose-leaf form to allow for easy insertion of revisions.

Separating purchasing policies from purchasing administrative and operating procedures will help distinguish between the responsibilities of council and those of the administration, and perhaps avoid confusion about their respective responsibilities and the role of the purchasing function. It will also allow changes to be made in administrative and operating procedural matters as often as is required without involving council in administrative detail.

2. Benefits and Purpose

A procedures manual sets forth the agreed-upon way of carrying out the purchasing activities. Senior staff, including the purchasing agent, identify the tasks and responsibilities required to complete the purchasing process in an efficient, effective and fiscally responsible manner.

A procedures manual, then, is primarily intended as an internal publication for use by those involved in the purchasing function in all departments of a municipality. It should serve as a vehicle to inform each department of the purchasing process and its responsibility in the process, with the objective being a more efficient performance of the purchasing function. It should explain and instruct those concerned with the process of the actions necessary to accomplish tasks and activities.

Such a manual should be written with the following primary objectives in mind:

- it should be a useful administrative tool;
- the contents should have the support of senior staff;

- it should facilitate the purchasing process rather than hinder it.

The purposes of a procedure manual are several. Some of the more important ones can be summarized as follows:

- implements council purchasing policies;
- formalizes purchasing procedures;
- clarifies relationships with other functions;
- serves as a training aid for new staff;
- guides all personnel in a municipality involved in the requisitioning of goods and services;
- promotes supplier understanding of a municipality's procedures;
- provides standards for performance evaluation of function;
- interprets situations in the sense that it can contain precedents for given "oddball" situations that occur from time to time.

3. Contents of a Manual

Topics that can be covered in a purchasing manual are innumerable. A manual can contain a statement outlining council policy and in broad terms deal with such areas as organization and responsibilities, principles, procedures, activities, records, reports and forms.

For ease of reference, it is perhaps advantageous to divide a manual into two parts. The first part would contain references to the administrative aspects of the purchasing function. The second part would outline the procedures for all those involved in the day-to-day activities such as the requisitioning, purchasing, receiving, and storage of goods and services.

To be more specific, a suggested list of contents is illustrated as follows:

1. Introduction
   Function of manual

PART I - ADMINISTRATION

2. Purchasing Policy
   How established
   Purchasing by-law of responsibilities and duties

3. Purchasing Organization
   Organization chart
   Responsibility of Chief Administrative Officer or Senior Administrative Officers
   Responsibility of Treasurer
   Responsibility of Purchasing Agent

4. Purchasing Principles
   Procuring the right quality
   Factors and methods of buying right quantity
   Factors determining the ultimate cost

PART II - PURCHASING PROCEDURES

5. Purchasing Forms and Procedures
   Purchase requisition
   Purchase orders
   Blanket orders
   Systems contracting
   Contract orders
   Emergency orders
   Receiving
   Stores
   Inventory control
   Processing of invoices
   Quotations
   Tenders (preparation, advertising, receiving, opening and reporting)

6. Conflict of interest and standards of ethics

7. Purchasing records

8. Purchasing activities:
   - Relations with suppliers
   - Relations with other departments
   - Value analysis
   - Surplus, scrap and obsolete goods
   - Expediting
   - Inspection and testing
   - Standardization
   - Specifications
   - Co-operative purchasing
   - Federal excise and sales taxes
   - Provincial sales taxes

4. Producing a Manual

Many municipalities that have a centralized purchasing function have a manual that outlines their purchasing procedures. Those that do not or those that would like to update an existing manual will perhaps find this section useful.

Those municipalities that have a systems-and-procedures department will find the assistance of that department invaluable in producing a procedures manual. If, however, as is generally the case, there is no systems-and-procedures department, it becomes incumbent upon the head of purchasing to take the lead and co-ordinate the production of such a manual.

Rather than "re-invent the wheel", a suggested approach is to solicit the experiences of other municipalities as well as obtain examples of existing manuals that are accepted as being of good quality.

A basic principle to be remembered when producing a manual is that it should be written in co-operation with the user departments it is intended to serve. If a manual is to be accepted and meaningful, it is not enough that managers of departments merely be aware or be informed of the purchasing process; they should also be part of its development.

In developing a manual, the following steps are suggested:

1. Identify and define the policies of council concerning the responsibilities and limitations of the purchasing function. This should be enunciated in a by-law as discussed in Chapter III.

2. Determine the role of the purchasing function vis-a-vis other departments in the municipality, and how those other departments want to be served.

3. Define the purchasing principles to be followed.

4. Establish an organization chart of the purchasing function to indicate the reporting relationships within the function and between it and all other departments.

5. Identify the information required to be passed from a requisitioning department to purchasing and from purchasing to others, and also the form in which information is to be transmitted.

6. Develop operating procedures that set out in detail the activities necessary to carry out the purchasing function based on the principles of sound internal control.

7. Discuss content and proposed procedures with the senior staff and obtain feedback.

The preparation of a well-written manual is a time-consuming task but one that is well worth the effort. It is an important administrative and operational tool that will result in a smoother and more efficient performance of the purchasing function.

1. Differences between Public and Private Sector Purchasing

A significant difference between public and private purchasing is the relative lack of secrecy in public purchasing. Specifications, bid information, purchase orders, contracts and prices paid are matters of public record for all interested persons to see, whereas in the private sector, if management chooses not to divulge such information, it is not obliged to.

In the private sector, purchasing methods used by corporations are highly flexible, innovative, and can be adapted and applied as required; whereas in the public sector, the municipal purchasing agent has to comply with limitations and restrictions placed on him by council's by-law of duties and responsibilities. However, the municipal purchasing agent should be encouraged to approach council for special authorization to waive established procedures where innovative ideas may prove to be in the best interests of the municipality.

Notwithstanding this, there are several useful purchasing techniques in bidding and reducing order-processing costs that may be used effectively by a purchasing agent in the public sector. They are not to be used to circumvent the purchasing methods prescribed by council (negotiated buying, written quotations or formal tenders). Where appropriate, they may be used to complement the process by reducing administrative costs and paperwork without destroying the competitive element of municipal purchasing practices.

The techniques that will be discussed are:

- requests for proposals
- purchasing under blanket purchase orders
- purchasing under contract orders
- purchasing under a systems contract.

2. Requests for Proposals

Requests for proposals may be employed when goods or services cannot be sufficiently specified or when alternative methods are being sought to perform a certain function or service.

Proposals, unlike quotations or tenders, permit the negotiation of certain elements such as terms and conditions, quality and standards of performance, subsequent to the receipt of what appears to be the best offer.

The intent is not to limit the sources of supply or types of equipment but to invite proposals that would accomplish the same end result but at cheaper cost or in more suitable ways.

3. Blanket Orders

A blanket order is an agreement between a municipality and a supplier under which the supplier will sell certain specified item(s) or a class of item(s) to a municipality for an agreed period of time.

Suppliers are usually determined through the normal competitive process of submitting quotations or tenders, although not necessarily so. Some orders do not lend themselves to this approach, particularly, for example, if the purchasing agent is dealing with uncertain demand, unknown requirements, sole source and geographic constraints.

As goods are required, an authorized person instructs the supplier to release specified quantities against the blanket order. It is customary for these items to be purchased on a "We-Will-Pick-Up" basis. Blanket orders are usually for small-value items with definite dollar limitations.

Examples of items purchased under a blanket order include small hand tools, miscellaneous electrical and plumbing fittings and supplies, lock and glass service as required, and so on.

A blanket order can also be used for employing contactors' services to carry out minor repairs and maintenance for which fixed labor and/or material costs have been established.

4. Contract Orders (Also known as Standing Orders, Master Contracts, or Requirement Orders)

A contract order is more specific than a blanket order inasmuch as only item(s) actually specified with estimated or actual quantities at specified prices for a specific time period may be obtained on a contract order. Typical purchases covered by a term contract order might be for road oil, gasoline, salt, traffic paint, chlorine and so on. Actual purchases are made by way of releases, either written or verbal, against the contract and the supplier delivers the goods. Like blanket orders, they cover any number of deliveries without issuing separate purchase orders.

5. Systems Contracts

A systems contract is a method of purchasing that utilizes the supplier's inventory, his catalogues, (or a customized catalogue), his delivery facilities and most often his order forms. Each authorized person orders his immediate requirements from the supplier who delivers the goods on a prearranged schedule to predetermined locations. Alternatively, some goods may be picked up. The main advantage besides lower administrative cost is that the municipality carries no inventory of any of the items purchased under a systems contract.

Under this system, the supplier must guarantee to maintain a minimum stock of all items covered under the contract and ensure deliveries within an agreed period of time, usually twenty-four hours.

A systems contract is used primarily where there are a substantial number of small-cost items provided by a single supplier, and the cost of processing a municipal purchase order for each order might be far in excess of the value of the goods. Suppliers are determined through the normal competitive process of submitting quotations or tenders.

Invoicing can be arranged to cover all deliveries within an agreed period of time -- for example, once a month. Typical items covered by a systems contract would be stationery, hardware supplies and maintenance supplies.

6. Summary

A common feature of the blanket purchase order, contract order and systems contract is that they can be used for goods or services that are purchased on a repetitive basis. Each has its advantages, but all can be used to achieve simplification in the ordering process as well as considerable savings in administrative costs.

The chart on page 57 illustrates, in a summary and comparative format, the main characteristics of each method.

COMPARISON OF THE MAIN CHARACTERISTICS OF BLANKET PURCHASE ORDERS, CONTRACT ORDERS AND SYSTEMS CONTRACTS

Blanket Purchase Order	Contract Orders	Systems Contracts
Covers specified items or classes thereof for an agreed period of time.	Covers specified items for an agreed period of time.	Covers items that are itemized in a supplier's catalogue using his inventory, delivery systems and sometimes his forms.
Can be cancelled upon proper notice by supplier or purchaser.	Normally not cancellable.	Can be cancelled upon proper notice by supplier or purchaser.
Prices may or may not be firm.	Even though a contract, the prices may not be firm. For example, changes in gasoline prices as a result of Federal policies are usually permitted to be passed on to the buyer.	Prices may or may not be firm.
Purchasing issues release orders for any given items or commodity group as they are required.	Purchasing periodically issues release orders.	Each authorized person orders his own requirements as frequently as necessary.
Some inventory may be carried by the municipality.	Some inventory may be carried by the municipality.	No inventory carried by the municipality. Supplier carries all the inventory and has to guarantee delivery of requirements within a specified time.
Used for small value items used on a repetitive basis, such as small hand tools, miscellaneous electrical and plumbing supplies, lock and glass services.	Used for large value items used on a repetitive basis such as gasoline, oil, salt, traffic paint, chlorine.	Used for small cost items carried by one supplier such as stationery, hardware or maintenance supplies.

1. Why Measure Purchasing Performance?

In view of the absence of a profit motive in local government, it is particularly important that measurements of purchasing and materials management performance be carried out and that up-to-date statistical information is recorded and interpreted to ensure cost-effectiveness and efficiency of the purchasing function.

Measures of performance have been important in the private sector for decades as a means of evaluating progress and management improvement as well as in the analysis of costs. Such measures range from simple percentages such as purchases by supplier to total purchases, to performance ratios and turnovers relating to the performance of financial activity, such as gross margin, net profit, return on investment, productive and non-productive labor costs, manufacturing, production control, purchasing and so on.

In today's rapidly changing market, a good measure of purchasing performance is a department's ability to analyze current market conditions. Purchasing research is a very important role of the buyer, obtaining substitute and new product information for the user departments. Although there may be difficulties in introducing the same kind of performance measures into municipalities as exist generally in the private sector, direct comparisons between public and private-sector purchasing practices are possible. Whether goods and services are being purchased by municipalities or the private sector, the responsibilities of a purchasing agent are quite similar.

When a purchasing agent states that it is his responsibility to buy goods and services of the required quality, in the right quantity, from the right source, and at the lowest cost, he is in a general way stating the functional objectives of purchasing. As efficient as a purchasing agent may be in meeting those goals, the result is not necessarily the effective performance of the municipality's purchasing function.

It is no longer sufficient that goods and services merely be ordered. The demands of today's highly technical and complex environment as well as the reductions of financial resources require that the responsibilities of a purchasing agent go far beyond the efficient processing of orders. They need to include all the judgements and activities involved in the procurement of goods and services from the time a need is identified until the goods are received and approved for use or the services are performed.

Development and adoption of goals and objectives as well as measure of performance that embrace a total procurement concept is therefore important. The process is basic to achieving operational efficiency of the purchasing function -- that is, the effective planning, organization, control, and direction of all those elements involved in the flow of goods and services into a municipality.

2. Purpose of Measurement and Evaluation

It is becoming increasingly obvious to municipal councils and administrators that there is a need to improve managerial effectiveness. This realization is due to increasing demands for municipal services, increasing costs of labour and materials, and scarce financial resources.

A performance-measurement system is not a substitute for good management. Experience has shown, however, that a performance-measurement system, properly implemented, can go a long way towards helping managers become more efficient and effective.[6]

The purchasing function is responsible for spending a substantial part of the municipal budget each year on goods and services. In most municipalities this amounts to about one-third of the municipal budget. It appears, however, that there are not many instances of municipal purchasing managers having established a system of performance measurement and evaluation.

Measurement and evaluation of the performance of a purchasing function serves two basic purposes. First, it informs management how well the purchasing function is carrying out its responsibilities -- the prime one being, of course, to buy goods and services at the lowest ultimate cost with due consideration to the importance of quality, service, delivery and price. Second, it permits the purchasing agent to analyse and identify areas of concern that need to be corrected, or

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6 If more information on Performance Measurement is desired, it is dealt with in the Local Government Management Project's publication Improving Management Performance: The Contribution of Productivity and Performance Measurement, by V.N. MacDonald and P.J. Lawton, which is available from the Publications Centre, 880 Bay Street, 5th Floor, Toronto, Ontario M7A 1N8 for $5.00

procedures that need to be implemented or improved upon to improve the effectiveness of the function.

It is the latter purpose that has the greatest potential. Purchasing is a support function and it is important that the purchasing agent as a manager is able to recognize and identify quickly those factors that hinder the effective operation of the purchasing function.

The process of performance measurement can provide information that will help the purchasing agent manage his responsibilities and improve the performance of the functions.

- It can assist the purchasing agent and senior staff to determine whether or not the purchasing function has been successful in meeting its responsibilities.

- It can provide a comparison of actual performance against a standard, ideal level, against previous performance levels or even with other municipalities, as they develop them, thus giving an indication of relative efficiency.

- It can provide information needed to guide council and senior staff in allocating resources.

- Performance-measurement information can indicate what the cost of purchasing is. These measures can lead to cost reductions because they will stimulate more efficient methods of purchasing.

- It can provide a measurement of the extent to which time or money is saved as a result of management action of the purchasing agent.

- It can help to develop a fair reward system based on actual levels of performance and reward higher productivity and improvements.

- The fact that performance can be measured provides an incentive for the improvement of performance and can in itself encourage effective purchasing management.

3. The Process

The basic process to set up a measurement and evaluation system involves the identification of general goals, establishment of specific objectives, a commitment of personnel to the process, implementation, monitoring of progress, and evaluation. To be more specific, the steps are as follows:

a) Develop an understanding of the purpose of the purchasing function.

b) Identify general goals and specific measurable objectives that the purchasing function needs to carry out to achieve its purpose.

c) Develop the proper organizational structure and purchasing procedures to achieve the goals and objectives.

d) Develop an ongoing system that will enable the purchasing agent to obtain feedback and to monitor control.

e) Develop a periodic, detailed, evaluative procedure to determine if the purpose of the purchasing function is being met and its goals and objectives are being achieved.

f) Periodically review and re-establish goals and objectives.

The process therefore is a continuous cycle of establishing objectives, monitoring progress and evaluating results. The important point is, of course, that objectives be clearly stated and understood and that specific indicators be developed and used to measure performance against objectives.

It is fashionable to believe that a goal-objective-evaluation process can only be implemented if it is done for an organization as a whole. However, while this may be true under some circumstances, it is quite feasible to undertake the process in a centralized purchasing function providing its purpose and responsibilities are clearly defined. In this regard, it is absolutely essential that the purchasing agent have the needed support from council and senior staff. This support should be demonstrated by council's adoption of an effective purchasing by-law and the publication of a procedure manual. For further discussion refer to Chapters III and IV respectively.

As stated in Chapter IV, it is essential that the user departments be involved in the development of the purchasing manual. If the procedures are not beneficial to the user departments as well as the purchasing department, then the manual will be meaningless. Similarly, of equal importance to the success of the performance measurement system is the involvement of the employees of the purchasing function in the development of objectives and indicators. The system must be designed so that it is accepted, and interpreted in a positive way, and capable of being carried out. It would probably be beneficial to the process if initially the system were kept simple and allowed to evolve as it became understood.

4. Measuring Purchasing Performance

The potential benefits of performance measurement are numerous, but the process is not without problems, particularly in deciding what to measure and how to measure. The resources available within the purchasing organization and the ease of information retrievable may dictate the type and amount of both quantitative and qualitative performance measures that can be used. The role of performance measurement is to establish a quantitative link between the cost of resources and the delivery of services in order that the results can be evaluated.

There are three classes of output-oriented measures that are appropriate to measure purchasing performance. In order of complexity they are:

a) Throughput Measures
b) Efficiency Measures
c) Effectiveness Measures

a) Throughput Measures

These are measures that identify output in terms of quantity without any particular regard for value, worth or cost of the output.

Examples of throughput measures would be the number of purchase orders issued, number of vendors interviewed, number of staff in purchasing department and so on.

Throughput measures are the easiest to develop as the basic data are usually available; however, their usefulness is limited because the information gives no indication of cost or how effectively the work was done.

Despite their limitations, throughput measures do provide a basis for thinking about performance measurement in terms of results. They are also useful when comparing the numbers with previous performance.

b) Efficiency Measures

Efficiency measures differ from throughput measures in that they include a cost factor, either in terms of dollars or manhours. The principal advantage of efficiency measures is that they indicate how economically resources are employed in carrying out purchasing responsibilities.

Basic to this, of course, is the need for the purchasing function to develop its own budget and be provided with feedback of its actual costs. In addition, certain basic purchasing statistics are required to be maintained.

Examples of efficiency measures are as follows:

a.	$ value of total goods purchased	$6,500,000
	Actual purchasing operating costs	140,000
	Actual operating costs expressed as a % of value of goods purchased	2.1%
b.	$ value of total goods purchased	$6,500,000
	$ value of cost savings realized	130,000
	Cost savings expressed as a % of value of goods purchased	2.0%
c.	$ value of cost savings realized	$130,000
	Actual purchasing operating costs	140,000
	Cost savings expressed as a % of actual operating expense	92.8%
d.	Purchasing operating budget	$150,000
	Actual operating costs	140,000
	$ under/over budget: under = ( )	(10,000)
	% under/over budget: under = ( )	(.67%)

e. Number of purchase orders issued	6,000
Number of system contracts issued	2,000
Total number of both	8,000
% of purchase orders of total	75%
% of system contracts of total	25%

(Designed to indicate usage of "systems ordering" with its simpler process and attendant savings in administrative costs.)

c) Effectiveness Measures

Effectiveness measures are more results-oriented than throughput or efficiency measures. They measure the quality of the task accomplished and the worth and value to the end user.

This is accomplished by measuring the impact of an activity rather than the activity itself. This is a dimension not disclosed by efficiency measures. For example, measuring the number of purchase orders processed, or recording an impressive percentage of actual operating costs to value of goods purchased will not indicate if goods or services were received on time.

There are two approaches to measuring purchasing effectiveness:

i) Client or User Response, and
ii) Achievement of Objectives

i) Client or user response involves obtaining feedback from managers of the user departments about the quality of the purchasing service. The feedback can be determined from surveys; in the form of complaints or suggestions; or from other methods such as notifications that goods are not received on time or complaints concerning quality of goods.

ii) Achievement of objective can be evaluated through various indicators that measure the success of a purchasing function in pursuing its objectives. Examples of measures of effectiveness include the percentage of orders received on time; ratio of orders rejected to total number of completed purchase orders; cost-reduction measures such as implementation of a systems-contract system and so on.

Examples of objectives and effectiveness measures to evaluate the success in achieving the objectives are as follows:

Objectives

a. Increase the average number of suppliers quoting from 3 to 4 per order by increasing the number of invitations to quote.

b. Increase the percentage of orders received on time from 90% to 95%.

c. Increase the number of systems contracts.

Measures of Effectiveness

	Actual	Estimate 1979	1980	Target 1981
a. Number of invitations to quote mailed				
Average quotations per purchase order				
b. Percentage of orders received on time				
c. Number of systems - contract orders issued				

5. Summary

There is a rapidly growing interest in the field of performance measurement by municipalities as a means of improving productivity. The process can be implemented initially in a simple way using the most basic of data that is available to most centralized purchasing functions. As the process becomes understood and information requirements are identified and made available, more sophisticated measures can be developed.

Purchasing agents should regard and use performance measurement and evaluation as a tool to improve their functions' effectiveness. Purchasing agents in the public sector who use such a system find that it produces a positive environment in the carrying out of responsibilities and results in a more efficient and effective function.

To assist purchasing agents who may wish to implement a more comprehensive results-oriented reporting system or perhaps improve on an existing system, the following example of an actual annual report might be useful. Identification of the local authority using this annual report format has been erased.

1978 - 79 PURCHASING ACTIVITY REPORT

(MEASURED OVER LAST FIVE YEAR PERIOD)

LEGEND ( ) = DECREASE

A C T I V I T Y	1974/75	1975/76	1976/77	1977/78	1978/79
DOLLAR VALUE OF TYPED PURCHASE ORDERS:	$7,964,000	$7,552,125	$8,427,005	$7,549,826	$7,416,469
DOLLAR VALUE OF TYPED BLANKET ORDER RELEASES:	NOT PREVIOUSLY MEASURED	$ 370,074	$ 52,404	$ 310,202	NIL
DOLLAR VALUE OF "NO P.O. SYSTEM":	$ 16,442	$ 32,902	$ 30,046	$ 56,144	$ 40,890
DOLLAR VALUE OF PROGRESSIVE WRITTEN RELEASE ORDERS:	–	$ 56,998	$ 356,770	$ 248,726	$ 605,165
DOLLAR VALUE OF TELEPHONE RELEASE ORDERS:	NOT	PREVIOUSLY	MEASURED	$ 89,911	$ 168,881
DOLLAR VALUE OF SYSTEMS REQUISITIONS:	$ 580,994	$ 737,406	$ 665,419	$ 711,831	$ 829,094
DOLLAR VALUE OF TOTAL PURCHASES:	$8,561,436	$8,749,505	$9,531,644	$8,966,640	$9,060,506
$ AND % INCREASE/DECREASE OVER PREVIOUS YEAR ( ) = DECREASE	$1,762,276	$ 188,069	$ 782,139	$ (565,004)	$ 93,866
	(25.9%)	2.2%	8.9%	(5.9%)	1.05%

1978 - 79 PURCHASING ACTIVITY REPORT

(MEASURED OVER LAST FIVE YEAR PERIOD)

LEGEND ( ) = DECREASE

A C T I V I T Y	1974/75	1975/76	1976/77	1977/78	1978/79
NUMBER OF TYPED PURCHASE ORDERS:	15,381	13,317	14,349	16,126	13,168
NUMBER OF TYPED BLANKET ORDER RELEASES:	NOT PREVIOUSLY MEASURED	1,295	632	1,091	NIL
NUMBER OF "NO P.O. SYSTEM":	423	884	804	1,102	1,877
NUMBER OF PROGRESSIVE WRITTEN RELEASE ORDERS:	NOT PREVIOUSLY MEASURED	311	942	1,005	1,397
NUMBER OF TELEPHONE RELEASE ORDERS	NOT	PREVIOUSLY	MEASURED	1,795	881
NUMBER OF SYSTEMS REQUISITIONS ISSUED:	15,343	17,113	14,188	14,301	15,805
TOTAL NUMBER OF PURCHASE ORDERS & SYSTEMS ISSUED:	13,147	32,920	30,915	35,420	33,128
QUANTITY AND % INCREASE/DECREASE OVER PREVIOUS YEAR ( ) = DECREASE	(91)	1,773	(2,005)	4,505	(2,292)
	0.3%	5.7%	(6.1%)	14.6%	(6.4%)
RATIO PURCHASE & RELEASE ORDERS TYPED TO VARIOUS SYSTEMS, HAND WRITTEN DOCUMENTS	49.4% TO 50.6%	44.4% TO 55.6%	48.5% TO 51.5%	48.6% TO 51.4%	39.7% TO 60.3%

1978 - 79 PURCHASING ACTIVITY REPORT
(MEASURED OVER LAST FIVE YEAR PERIOD)

LEGEND ( ) = DECREASE

A C T I V I T Y	1974/75	1975/76	1976/77	1977/78	1978/79
NUMBER OF AUTHORIZED PERSONNEL: NUMBER OF ACTUAL PERSONNEL:	15 15	15 15	15 15	15 15	15 14
INCREASE/DECREASE OVER PREVIOUS AUTHORIZED YEAR EXPRESSED IN QUANTITY AND PERCENT ( ) = DECREASE	NIL NIL	NIL NIL	NIL NIL	NIL NIL	(1) (6.7%)
ALLOTTED BUDGET - OPERATION EXPENSE (PURCHASING FUNCTION)	$149,009	$166,543	$190,429	$212,998	$225,453
ACTUAL OPERATING EXPENSE (PURCHASING FUNCTION)	$133,502	$167,218	$192,237	$216,425	$220,677
$ SAVED UNDER/OVER BUDGET - INCLUDED IN ITEM 5 SEE GRAPH ADDENDUM "B" (REVISED) ( ) = UNDER	(15,507)	$ +675	$ +1,808	$ +3,427	$ (4,776)
% UNDER/OVER BUDGET ( ) = UNDER	(10.4%)	0.4%	0.9%	1.6%	(3.0%)
ACTUAL OPERATING EXPENSE EXPRESSED AS % OF VALUE OF TOTAL PURCHASES	1.6%	1.9%	2.0%	2.4%	2.4%
COST TO TYPE ONE PURCHASE ORDER/ RELEASE ORDER NOTE: (DOES NOT INCLUDE SYSTEMIZATION DOCUMENTS PROCESSED)	$ 8.70	$ 11.40	$ 12.83	$ 12.57	$ 16.76

1978 - 79 PURCHASING ACTIVITY REPORT
(MEASURED OVER LAST FIVE YEAR PERIOD)

LEGEND ( ) = DECREASE

ACTIVITY	1974/75	1975/76	1976/77	1977/78	1978/79
DOLLAR VALUE OF COST SAVINGS ACTIVITIES (INCLUDES BUDGET UNDER-RUNS, TAX RECOVERY AND MOVING)	$143,912	$272,343	$262,433	$366,607	$339,690
$ AND % INCREASE/DECREASE OVER PREVIOUS YEAR ( ) = DECREASE OVERALL SAVINGS GOAL WAS $250,000 WE ACTUALLY ACCOMPLISHED	$ 32,596	$128,431	$ (9,910)	$104,174	$(26,917)
	(18.5%)	89.2%	(3.6%)	39.7%	(7.3%) 135.9% over goal
COST SAVINGS EXPRESSED AS A % OF ACTUAL OPERATING EXPENSE	107.8%	162.9%	136.5%	169.4%	152.3%
COST SAVINGS EXPRESSED AS A % OF $ VALUE OF TOTAL PURCHASES	1.7%	3.1%	2.8%	4.1%	3.8%
NUMBER OF INVOICES AT VARIANCE WITH TERMS OF THE PURCHASE ORDER	117	313	304	416	190
INCREASE/DECREASE OVER PREVIOUS YEAR EXPRESSED BOTH IN QUANTITY AND PERCENT ( ) = DECREASE	1ST YEAR MEASURED	196	(9)	112	(226)
		267.5%	(2.9%)	26.9%	(54.3%)
NUMBER OF VENDORS INTERVIEWED	1,156	1,135	1,269	1,349	1,428
INCREASE/DECREASE OVER PREVIOUS YEAR EXPRESSED BOTH IN QUANTITY AND PERCENT ( ) = DECREASE	455	(21)	134	80	79
	60.0%	(1.8%)	11.8%	6.3%	5.9%

1978 - 79 PURCHASING ACTIVITY REPORT
(MEASURED OVER LAST FIVE YEAR PERIOD)

LEGEND ( ) = DECREASE

A C T I V I T Y	1974/75	1975/76	1976/77	1977/78	1978/79
TOTAL NUMBER CUSTOMS ENTRIES	2,120	1,552	1,322	1,326	1,075
INCREASE/DECREASE OVER PREVIOUS YEAR EXPRESSED BOTH IN QUANTITY AND PERCENT	235	(568)	(230)	4	(251)
	12.5%	(26.8%)	(14.8%)	0.3%	(18.9%)
$ VALUE OF CUSTOMS SHIPMENTS (IMPORTS)	$913,414	$861,895	$1,028,974	$1,131,381	$873,147
INCREASE/DECREASE OVER PREVIOUS YEAR EXPRESSED BOTH IN $ AND PERCENT ( ) = DECREASE FOR IMPORTS ONLY	$128,463	$(51,519)	$ 167,079	$ 102,407	$258,234
	64.4%	(5.6%)	19.4%	10%	22.8%
DUTY AND TAXES PAID	$ 5,518	$ 7,608	$ 10,189	$ 3,907	$ 6,265
INCREASE/DECREASE OVER PREVIOUS YEAR EXPRESSED BOTH IN $ AND PERCENT ( ) = DECREASE	$ 2,313	$ 2,090	$ 2,581	$ (6,282)	$ 2,358
	72.2%	37.9%	33.9%	(61.7%)	60.4%
$ VALUE OF "EXPORTS" OVER PREVIOUS YEAR EXPRESSED BOTH IN $ AND PERCENT ( ) = DECREASE	NOT PREVIOUSLY MEASURED	NOT PREVIOUSLY MEASURED	$ 536,895	$ 200,233	($130,185)
			–	$ 366,662	($ 70,048)
			–	$62.7%	(35%)
REFUNDS & TAX RECOVERY - INCLUDED IN NO. 5 COST SAVINGS	$ 19,487	$ 15,846	$ 22,962	$ 22,369	$ 63,712
	$ (7,992)	$ (3,641)	$ 7,116	$ (593)	$ 41,343
	(29.1%)	(18.7%)	44.9%	(2.6%)	84.8%

The principles, advantages, key elements and implementation techniques for co-operative purchasing have been previously outlined in Ontario Ministry of Intergovernmental Affairs Bulletin #25, Purchasing in Small Municipalities.

Because of the importance of the subject and its potential advantages to municipalities of all sizes as well as other units of local government, the section has been updated and reproduced here.

1. Principles

Co-operative purchasing is a technique whereby a number of authorities agree jointly to invite quotations or tenders for selected commodities and services. The arrangement is open to all municipalities, boards, commissions, hospitals, universities and colleges.

During the past ten to fifteen years, co-operative purchasing has been practised more and more by municipalities and other local authorities in Ontario as a means of reducing costs of goods and services, as well as operating costs. It permits goods and services to be purchased in larger volumes and at lower unit prices and reduces duplication of administrative work in such areas as preparing specifications, calling tenders and product testing. Co-operative purchasing also promotes standardization.

Only those goods and services that lend themselves to cost reduction because of volume should be considered for co-operative purchasing. The interests of his organization should always govern a purchasing agent's decision whether or not to participate in a particular tender. Another prerequisite is that only commodities that are common to two or more authorities should be considered. However, it is only the individual types of commodities that are of concern and not necessarily the individual specifications. For example, different authorities may use different sizes and quality of plastic garbage bags, but garbage bags are garbage bags and a manufacturer is interested in volume. He may offer a volume discount on the entire package irrespective of specifications. The same principle applies to envelopes, fine papers and many other commodities. Examples of goods that can be bought at cheaper prices through bulk purchasing include fuel, gasoline, oils, envelopes, forms, fine-paper products, pipe, paint, fertilizer, and so on.

Not all co-operative purchasing arrangements produce results that are an improvement over what an individual authority might achieve. For example, a municipality may buy gravel from a small, local gravel pit at a lower price than would be achieved through a co-operative purchase from a larger supplier.

2. Advantages

The following are some specific advantages that authorities enjoy when participating in a purchasing co-operative.

- In combination, the authorities are able to invite tenders for larger annual requirements than they could individually. They can usually obtain lower prices or larger discounts as a result of larger tender quantities.

- Authorities learn collectively where to buy and when to buy. As a group, they gain market knowledge and share the benefits.

- Where appropriate and as a group, they agree on common specifications to ensure a high quality at the lowest possible price. Individually, some authorities are too small to do this.

- Where appropriate and as a group, they can employ quality-control techniques and monitor quality, both before and after goods are delivered. This process might be difficult for some of the smaller authorities to do by themselves.

- The amount of administrative work involved in authorities participating in a co-operative arrangement declines because of a reduction in the number of tenders to be called and awarded. For example, instead of a number of small tenders being required within an area for any one class of product, only one is needed.

- Co-operative purchasing tends to build up co-operation between purchasing agents in many areas of purchasing activities. If an individual finds that he can get a 'good deal', he is usually anxious to share it with his peers.

3. Key Elements of a System

It must be stressed that a co-operative purchasing programme will only be as good as the mandate for participating in it. To that end it is important that a co-operative purchasing programme have the support and approval of members and senior staff of each local authority involved.

A key element in a co-operative purchasing programme is the provision that each authority review the items to be tendered co-operatively and decide to participate only if it is to that authority's advantage to do so.

Another key element in the process is that no one authority has to be -- or, indeed, should be -- responsible for all the tendering. All participants in the co-operative arrangement should take turns.

Deciding who among the purchasers should handle a tender sometimes poses difficulties. From a practical point of view, it can be advantageous for the purchaser who is the largest user of a particular product to assume the responsibility for the tender process. However, the smaller users should do their share of calling tenders so that they will derive the benefits of the learning process.

An essential element in the process is that once an authority has agreed to join in a particular tender call through the purchasing co-operative, it must remain committed to that particular tender and not back out. This commitment is very important to the process. It is important to suppliers tendering that the quantity they are tendering on remains firm and it is important to the participants of the co-operative purchase to prevent another supplier undermining the process by offering a special deal to one authority. All participating authorities must accept the group's decision.

4. Implementation

Co-operative purchasing does not require a separate bureaucracy or new facility, and there are no costs involved that are solely attributable to the process. In fact, municipalities that are involved in co-operative purchasing have found that once the process is running smoothly, administration costs decline due to less paper work and less duplication of activity.

The process involved in a co-operative tender is basically the same as any other. The tender is advertised by one of the authorities participating in the co-operative purchase. The tender specifications will include the details of the various authorities involved in the tender call, their location and delivery points, and quantities required for each municipality. Several sample co-operative tender calls are included as appendices.

- Appendix I shows a co-operative tender call for the supply of envelopes to the City of Peterborough and various Boards and Commissions.

- Appendix II shows a co-operative tender call for the supply of fuel oil to the City of Peterborough; Peterborough County Board of Education; Peterborough, Victoria, and Northumberland and Newcastle Roman Catholic Separate School Board; Victoria County Board of Education and the County of Peterborough.

- Appendix III shows a co-operative tender call for the supply of gasoline to the City of Peterborough; Border Transit; Peterborough Utilities Commission; Trent University Purchasing; Peterborough Fire Department and the Peterborough Police Department.

- Appendix IV shows a co-operative tender call for the supply of gasoline, diesel fuel, lubricants and kerosene to participating government agencies within the Regional Municipality of Niagara.

Upon a tender being awarded, each participating authority places its own purchase order with the supplier and pays its own invoices, subject to the normal invoice validation and receiver procedures. The purchasing agent of the municipality calling the tender usually acts as chairman and overall administrator for that tender.

Participation in co-operative purchasing with neighbouring authorities can include counties or regional municipalities, townships, cities, towns, villages, boards and commissions. There is no loss of purchasing autonomy to anyone. They are merely purchasing together on any given item just as neighbours on a street might get together to buy lawn fertilizer in bulk quantities.

5. Existing Co-operative Arrangements

There are several purchasing co-operative arrangements being practiced successfully in Ontario, some of which are briefly reviewed as follows:

a) Hospital Purchasing Incorporated (HPI)

HPI was formed in 1968 and is an autonomous organization wholly owned and financed by forty hospitals in Metropolitan Toronto. Its purpose is to provide group-purchasing services to its members.

b) Hospital Purchasing Programme (HPP)

HPP was formed in 1971 to provide group-purchasing services to hospitals throughout Ontario, outside Metropolitan Toronto.

Whereas HPI is wholly owned by its member hospitals in Metropolitan Toronto, HPP is one of several services provided by the Association Services Division of the Ontario Hospital Association (OHA). The service is not free. Originally hospitals paid a percentage user fee if and when they participated in a bulk tender; however, the financial arrangements were revised to a per-day-per-patient basis.

The main role of the HPP is to identify goods and services that have potential for co-operative tender calls and to call tenders based on required quantities indicated by the hospitals.

One of the biggest problems encountered by HPP was that each individual hospital's purchasing agent was convinced that he was getting the best possible prices. HPP overcame this by demonstrating that the collective approach was better than the individual approach, and produced savings of $1.5-million over the first three years. In the year ending June 30, 1978, savings of $1.75-million were realized on tenders worth $18.5-million -- a 9.4% saving. The figures are in constant dollars -- had they been adjusted for inflation they show even greater savings.

In 1980, the volume is expected to reach $40-million as a result of continued growth in membership. Included in the current membership of 220 is some 30 Homes for the Aged.

c) Peterborough Public Buyers Co-operative Association

Co-operative purchasing was commenced in the City of Peterborough in an informal manner in 1963, and in 1968 was formalized by the organizing of the Peterborough Public Buyers Co-operative Association (PPBCA) and adoption of a constitution by its member authorities.

A key to the success of their programme among the authorities was the formal adoption of the constitution by the councils and governing authorities.

The participating authorities in the P.P.B.C.A. include two counties, two local municipalities, two hospitals, a public utilities commission, three school boards, a conservation authority, a college and a university.

Although cost savings have been realized each year since 1963, the participating authorities have by no means concluded that the process has outlived its usefulness. Each year presents new challenges in striving for savings. Sometimes surplus conditions in the market present opportunities, sometimes a supplier offsets a potential price increase by a change in design and material content, and more often than not, a manufacturer is interested in a bulk order.

In 1979, the P.P.B.C.A. called a co-operative tender for 1-1/2 million gallons of fuel oil which resulted in them obtaining a discount of 12-1/2-cents-per-gallon for a total savings of $187,500. The tender called for deliveries to 92 different locations with storage capacities ranging from 200 to 10,000 gallons.

P.P.B.C.A. and the Regional Municipality of Durham called a joint co-operative tender for salt that resulted in savings of $1 per ton as opposed to an expected cost increase. This netted the City of Peterborough a savings of $4,500.00.

Copies of co-operative tenders for envelopes, fuel oil and gasoline are attached as appendices I to III.

d) Regional Municipality of Halton

Contained in the Regional Municipality of Halton's purchasing by-laws is the following:

> **The Agent shall have authority to join with other units of government in co-operative purchasing plans when the best interests of the Regional Municipality of Halton would be served.**

The purchasing agent does indeed promote and practice co-operative purchasing. Sometimes the Regional Municipality might not accomplish savings, but the purchasing agent feels that the process is worth it if other authorities within the Region achieve savings. He believes co-operative purchasing is justified if collectively savings are achieved. To date, the smaller authorities within the Region have achieved significant savings in several areas.

The authorities participating in co-operative purchasing include the Regional Municipality, area municipalities, boards of education, PUC's, hospitals and the conservation authority.

The main commodities that are purchased co-operatively are salt, fuel oil, gasoline, paper products, fine paper products, chemicals, light bulbs, waste oil, garbage bags and uniforms.

e) Regional Municipality of Hamilton-Wentworth

A co-operative purchasing policy was adopted in 1978 by each of the following area municipalities within the Regional Municipality of Hamilton-Wentworth. The participants are:

The Town of Ancaster
The Town of Dundas
The Township of Flamborough
The Township of Glanbrook
The City of Hamilton
The Town of Stoney Creek
The Regional Municipality of Hamilton-Wentworth.

More recently, the Conservation Authority and Botanical Gardens have joined the list.

It is hoped that the Public Library System, School Board, Public Utilities Commissions and Transit Authority will be added in the future.

The products purchased jointly include petroleum products, salt, sand, castings, hydrants, aggregates, water meters, chemicals, gate valves, guard rail, waterworks fittings, pipe, fine paper, office supplies and servicing of typewriters and business equipment.

Currently a feasibility study is underway concerning the sharing of the centralized stores operated by the City of Hamilton. The Co-operative Purchasing Program is administered by a Co-operative Purchasing Committee that is composed of seven members, one from each of the participating municipalities. A copy of their policy is attached as Appendix V.

f) Regional Municipality of Niagara

The Regional Municipality of Niagara started a co-operative purchasing programme in 1972 with the local hospitals. The programme has since expanded and now includes the Regional Municipality, area municipalities, hospitals, boards of education, Niagara College and Brock University.

The co-operative purchasing programme is informal and conducted on a voluntary basis. All authorities are informed that it is proposed to call tenders for a particular item and they are requested to indicate their interest.

Some of the items that are purchased co-operatively are lubricants, gasoline, fuel oil, snow fencing, road salt, antifreeze, light bulbs, paper products, fine paper products, daily and food products, and linen. A copy of their tender call for gasoline, fuel and lubricants is attached as Appendix IV.

An interesting communication tool used in the Region is the Regional Municipality's purchasing agent's report. The area municipalities' councillors who are also regional councillors have access to it and are able to assess their own municipalities' participation.

The basic philosophy of co-operative purchasing within the Region is as follows:

- An authority indicates its interest in participating in a tender at the outset. All participating authorities accept the group's decision.
- The authority with the best expertise and/or usage concerning a particular commodity calls the tender. (This includes the university and college.)
- The initial effort made by the purchasing agents in the Region to standardize commodity specifications has been more than offset by the savings achieved.
- Authorities participating in co-operative purchasing agree to follow the purchasing practices of the authority calling the tender.

The experiences in the Region of Niagara is that it is not always practical to buy through co-operative purchasing. Some commodities simply do not lend themselves to the process due to conditions of the market or capabilities of suppliers. However, most commodities do, and in the Region of Niagara enormous savings have been achieved -- 19% on lamps; 30% on sanitary products; 12% on fuel oil and 20% on garbage bags. The purchasing agent at St. Catharines Hydro Electric Commission is realizing savings of some $5,000.00 per year, which he says "is certainly not earth-shattering to us or you but which nevertheless is ample reward for the few hours of time required during the year."

g) Regional Municipality of Waterloo

Local-government authorities within the Region of Waterloo have recently formed a purchasing co-operative as a result of a recommendation contained in the Report of the Waterloo Region Review Commission.[7] The authorities decided that because of the diversity of policies and practices among them, they would initially divide themselves into sectors. Each sector is studying the best way of meeting an overall goal of achieving the benefits of a co-operative as one unit. So far, the municipal sector has been successful in calling several co-operative tenders that proved to be mutually beneficial to its participating area municipalities.

- City of Waterloo and the City of Kitchener called a co-operative tender for cast iron catchbasins and manhole frames and covers, items that had increased in price in 1979 over 1978 by some 48%. The co-operative tender in 1980 resulted in price containment to an increase of less than 19%.

- In 1979 seven participating agencies (Municipalities and Utilities) joined in a co-operative tender for gasoline and diesel fuel resulting in very substantial savings to all. Subsequently in 1980, two additional agencies participated with the same positive results for the above commodities and heating fuels.

- A co-operative tender by the Cities of Kitchener and Cambridge for traffic paint resulted in price containment.

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7 Report of the Waterloo Region Review Commission, March 1979, pp. 143-144.

6. Summary

Co-operative purchasing arrangements are fast becoming a necessary arrangement in beating higher costs. The benefits from such voluntary undertakings far outweigh the few disadvantages.

Any joint venture in public purchasing is not an exercise in buying technique and practice. Instead, it is a strenuous workout in human relations and intergovernment relationships. Its success is contingent upon prior commitment to a sound notion, coupled with a sense of mission.[8]

The co-operative approach invites a spirit of "local people with common problems joining together to seek local solutions". The costs of any type of arrangement are minimal with expected gains rather large.

In this era of increasing prices and decreasing revenues, cutting costs in the purchasing area go a long way in helping elected officials to keep tax increases to a minimum.

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8 Another Look at Large-Scale Intergovernmental Co-operative Purchasing by Robert M. Belmonte, County of Bergen, State of New Jersey.

CORPORATION OF THE CITY OF PETERBOROUGH
Purchasing Department
200 Townsend Street
Peterborough, Ontario
K9J - 2K3

DOCUMENT NO. T-2-80

TENDER FOR - CO-OPERATIVE ENVELOPES, PRINTED AND BLANK -
CITY OF PETERBOROUGH & VARIOUS BOARDS & COMMISSIONS

to be submitted on this form, sealed in the envelope provided, and delivered to the City of Peterborough, Purchasing Department, 200 Townsend Street, Peterborough, Ontario, not later than 12:00 NOON: MONDAY, MARCH 10TH, 1980.

I/WE _____
having examined the Specifications and General Conditions, do hereby offer and agree to furnish the Envelopes, as hereinafter described in the Specifications, and at the prices stated in this tender.

Terms for cash payment are: _____

SUBMITTED BY _____
(COMPANY)

ADDRESS _____

SIGNED _____
(AUTHORIZED OFFICIAL)

DATE _____

TELEPHONE - (Area Code) ( ) _____

SECTION 1

DOCUMENT # T-2-80 PAGE 2...

GENERAL TERMS & CONDITIONS

1.1 Sealed Tenders are submitted on this form, in the envelope provided and delivered to the City of Peterborough, Purchasing Department, 200 Townsend Street, Peterborough, Ontario, not later than 12:00 NOON: MONDAY, MARCH 10TH, 1980.

1.2 This tender covers the requirements for Printed & Blank Envelopes for the following agencies:

SECTION 2 - BLANK ENVELOPES FOR VARIOUS AGENCIES LISTED BELOW
SECTION 3 - PRINTED ENVELOPES - CITY OF PETERBOROUGH
SECTION 4 - PRINTED ENVELOPES - PETERBOROUGH UTILITIES COMMISSION
SECTION 5 - PRINTED ENVELOPES - PETERBOROUGH CIVIC HOSPITAL
SECTION 6 - PRINTED ENVELOPES - ST. JOSEPH'S GENERAL HOSPITAL
SECTION 7 - PRINTED ENVELOPES - TRENT UNIVERSITY

1.3 Pages are attached showing each agency's specific requirements and any special Terms or Conditions governing the supply of envelopes for that Agency.

1.4 The award of this tender may be in whole or in part, as deemed in the best interest of the Agencies involved.

1.5 Samples are supplied for inspection as listed in each section. It shall be the responsibility of the Tenderer to thoroughly familiarize themselves with the intended requirements of this tender.

1.6 In all cases, the supplied envelopes shall not vary from the samples provided, except as noted in the description. This shall include density of ink or colour.

1.7 Window envelopes are to have close edge gumming in order that there will be no obstruction to material being inserted.

1.8 The Cooperative Tender Committee reserves the right to negotiate minor changes or variations to this tender, with the successful bidder, without re-calling the tender.

1.9 Tender replies must be on the forms provided, or the tender will not be considered.

1.10 All tenders shall be quoted Federal and Provincial Sales Taxes extra for all items.

1.11 Some agencies may be exempt Federal or Provincial Sales Tax. In which case, a suitable tax exemption certificate will be supplied at time of order.

1.12 In determining individual unit prices, any special discount offered, shall be applied.

1.13 Lowest or any tender, not necessarily accepted.

SECTION 1

DOCUMENT # T-2-80

GENERAL TERMS & CONDITIONS

Below are the mailing & shipping addresses of the Agencies involved.

SECTION 3 - City of Peterborough

Shipping Address:
City Hall
500 George Street North
Peterborough, Ontario K9H 3R9

Mailing Address :
Purchasing Department
200 Townsend Street
Peterborough, Ontario K9J 2K3

SECTION 4 - Peterborough Utilities Commission

Shipping Address:
223 Aylmer Street
Peterborough, Ontario K9J 6Z5

Mailing Address :
Purchasing Department
223 Aylmer Street
Peterborough, Ontario K9J 6Z5

SECTION 5 - Peterborough Civic Hospital

Shipping Address:
Weller Street
Peterborough, Ontario K9J 7C6

Mailing Address :
Purchasing Department
Weller Street
Peterborough, Ontario K9J 7C6

SECTION 6 - St. Joseph's General Hospital

Shipping Address:
384 Roger Street
Peterborough, Ontario K9H 7B6

Mailing Address :
Purchasing Department
384 Roger Street
Peterborough, Ontario K9H 7B6

SECTION 7 - Trent University

Shipping Address:
Stores Department
Science Complex Building
Nassau Campus
Peterborough, Ontario K9J 7B8

Mailing Address :
Purchasing Department
Trent University
Nassau Campus
Peterborough, Ontario K9J 7B8

CLOSING TIME & DATE: 12:00 NOON:

SECTION 2

DOCUMENT # T-2-80 PAGE 4...

GENERAL TERMS & CONDITIONS

BLANK ENVELOPES - VARIOUS AGENCIES

2.1 This section covers the requirements of the agencies as listed on Page 3.

2.2 All envelopes in this section, will be ordered immediately upon award.

2.3 Prices quoted, shall be Federal & Provincial Sales Tax Extra. F.O.B., various shipping addresses as listed on Page 3.

2.4 Award will be based on the individual unit pricer per item.

ITEM	QUANTITY	DESCRIPTION		PRICE/M	TOTAL
1.	30,000	3-3/4 x 8-3/4 Brown Kraft, 24lb., o/s Glassine Window (Payroll Cheques)			
		a) St. Joseph's	(15,000)	$_____	$_____
		b) Civic Hospital (#1301)	(15,000)		
2.	40,000	4-1/8 x 9-1/2 Brown Kraft, 20lb., o/s unglazed.			
		a) Trent University	(40,000)	$_____	$_____
3.	20,000	4-1/8 x 9-1/2 Brown Kraft, 20lb., o/s unglazed cellow window.			
		a) Trent University	(20,000)	$_____	$_____
4.	3,000	4-1/8 x 9-1/2 White Wove, 20lb., o/s.			
		a) City of Peterborough (CODE # 993-063)	(3,000)	$_____	$_____
5.	3,000	6-1/2 x 9-1/2 Brown Kraft, 24lb., unglazed, o/e.			
		a) Civic Hospital (#35450)	(3,000)	$_____	$_____
6.	37,000	9 x 12 Brown Kraft, 24lb., o/e, unglazed.			
		a) City of Peterborough (CODE #993-147)	(2,000)	$_____	$_____
		b) Trent Univesity	(35,000)		
7.	3,000	9-1/2 x 15 Brown Kraft, 24lb., o/e unglazed.			
		a) Civic Hospital (#35470)	(2,000)	$_____	$_____
		b) City of Peterborough (CODE #993-188)	(1,000)		

CLOSING TIME & DATE: 12:00 NOON:

DOCUMENT # T-2-80

GENERAL TERMS & CONDITIONS

BLANK ENVELOPES - VARIOUS AGENCIES

ITEM	QUANTITY	DESCRIPTION		PRICE/M	TOTAL
8.	70,000	14-5/8 x 17-1/2 Brown Rough Kraft, 50lb., o/e, no flap. (Filing)			
		a) Civic Hospital (#37000)	(35,000)	$_____	$_____
		b) St. Joseph's	(35,000)		
9.	3,000	15-1/2 x 18-1/2 Brown Kraft, 32lb., o/e Button & String. (Mailing)			
		a) Civic Hospital (#37030)	(3,000)	$_____	$_____
10.	12,000	16 x 18-1/2 Rough Kraft, 60lb., o/e no flap. (Filing)			
		a) Civic Hospital (#37010)	(7,000)	$_____	$_____
		b) St. Joseph's	(5,000)		
11.	1,000	16 x 19 Brown Kraft, 32lb., o/e Button and String.			
		(a) St. Joseph's	(1,000)	$_____	$_____
		(NO SAMPLE)			

CLOSING TIME & DATE: 12:00 NOON:

SECTION 3

PRINTED ENVELOPES - CITY OF PETERBOROUGH

3.1 This Section covers the requirements of the following agency.

City of Peterborough, Purchasing Department and any other Board or Commission served by this agent.

Shipping Address:	500 George Street North Peterborough, Ontario	K9H 3R9
Mailing Address:	Purchasing Department 200 Townsend Street Peterborough, Ontario	K9J 2K3

3.2 Envelopes in this section will be ordered immediately upon award.

3.3 Prices quoted, shall be Federal & Provincial Sales Tax Extra, F.O.B., shipping address above.

3.4 Award will be based on the individual unit price per item.

3.5 Care must be taken to match the colour of ink as on samples provided. Some Sample imprints may be faded.

3.6 We will complete delivery of the foregoing within___working days from receipt of order. (THIS MUST BE STATED)

ITEM	QUANTITY	DESCRIPTION	PRICE/M	TOTAL
1.	7,000	3-1/2 x 7-1/8 White Wove, 20lb., o/s imprinted Black Ink (Reply Envelope) (932-236 SF-24 Social Services)	$_____	$_____
2.	2,000	4-3/4 x 6-3/4 Brown Kraft, 24lb., o/e, imprinted Black Ink. (922-096 PO-11 Police Department)	$_____	$_____
3.	6,000	#10 White Wove, 20lb., o/s imprinted Black Ink. (922-062 PO-08 Police Department)	$_____	$_____
4.	5,000	#10 White Wove, 20lb., o/s, imprinted Red Ink. (908-038 FI-4 Fire Department)	$_____	$_____
5.	3,000	#10 White Wove, 20lb., o/s, Imprinted Blue Ink. (912-147 L-15 Library)	$_____	$_____

CLOSING TIME & DATE: 12:00 NOON:

DOCUMENT # T-2-80 SPECIFICATIONS PAGE 7...

PRINTED ENVELOPES - CITY OF PETERBOROUGH

ITEM	QUANTITY	DESCRIPTION	PRICE/M	TOTAL
6.	2,000	#10 White Wove, 20lb., o/e, Imprinted Blue Ink. (980-061 CP-7 City of Peterborough)	$_____	$_____
7.	35,000	#10 White Wove, 20lb., o/s, Imprinted Blue Ink. (980-086 CP-9 City of Peterborough)	$_____	$_____
8.	33,000	7-1/8 x 3-1/8 Brown Kraft, 20lb., o/s, Imprinted Blue ink. (Tax return Envelope)	$_____	$_____
9.	33,000	4 x 7 Brown Kraft, 20lb., o/s Cellow Window, Imprinted Blue Ink. (Tax Mailing Envelope)	$_____	$_____

SECTION 4

DOCUMENT # T-2-80 SPECIFICATIONS PAGE 8...

PRINTED ENVELOPES - PETERBOROUGH UTILITIES COMMISSION

4.1 This section covers the requirements of the following agency, who will issue their own purchase order.

Shipping Address: - 223 Aylmer Street
Peterborough, Ontario K9J 6Z5

Mailing Address: - Purchasing Department
223 Aylmer Street
Peterborough, Ontario K9J 6Z5

4.2 All envelopes in this section will be ordered as shown for each item.

4.3 Prices quoted, shall be Federal & Provincial Sales Taxes Extra, F.O.B., shipping address above.

4.4 Award will be based on individual price per item.

4.5 Care must be taken to match ink colour as on samples.

4.6 We will complete delivery of the foregoing within ____ working days from receipt of order. (THIS MUST BE SPECIFIED)

ITEM	QUANTITY	DESCRIPTION	PRICE/M	TOTAL
1.	45,000	#10 White, 24lb., suede wove, o/s, special window Glassine, imprinted green Ink. *NOTE* - 15,000-due Apr. 1, 1980 - 15,000-due July 1, 1980 - 15,000-due Oct. 1, 1980 (LINDSAY MAILING ENVELOPE)	$_____	$_____
2.	50,000	7-1/8 x 3-5/8, 20lb., Brown Kraft, o/s imprinted Black Ink (For Mechanical Insertion)(Note printing under flap) *NOTE* - 20,000-due Apr. 1, 1980 - 15,000-due July 1, 1980 - 15,000-due Oct. 1, 1980 (LINDSAY RETURN ENVELOPE)	$_____	$_____
3.	180,000	#10 Canary, 24lb., Kraft, die cut, special window, glassine, imprinted Blue ink. *NOTE* - 60,000-due Apr. 1, 1980 - 60,000-due July 1, 1980 - 60,000-due Oct. 1, 1980 (PETERBOROUGH MAILING ENVELOPE)	$_____	$_____
4.	180,000	7-1/8 x 3-5/8, 20lb., Brown Kraft, imprinted Blue Ink (For Mechanical Insertion) (Note printing under flap) *NOTE* - 60,000-due Apr. 1, 1980 - 60,000-due July 1, 1980 - 60,000-due Oct. 1, 1980 (PETERBOROUGH RETURN ENVELOPE)	$_____	$_____

CLOSING TIME & DATE: 12:00 NOON:

DOCUMENT # T-2-80 SPECIFICATIONS PAGE 9...

PRINTED ENVELOPES - PETERBOROUGH UTILITIES COMMISSION

ITEM	QUANTITY	DESCRIPTION	PRICE/M	TOTAL
5.	100,000	#10 White, 24lb., suede wove, o/s, special window glassine, imprinted black ink.	$_____	$_____
		NOTE - 50,000-due Apr. 1, 1980 - 30,000-due July 1, 1980 (CLINIC MAILING ENVELOPE) - 20,000-due Oct. 1, 1980		
6.	100,000	7-1/2 x 3-5/8, 20lb., brown kraft, o/s imprinted Blue Ink (For Mechanical Insertion) (Note printing under flap)	$_____	$_____
		NOTE - 50,000-due Apr. 1, 1980 - 30,000-due July 1, 1980 (CLINIC RETURN ENVELOPE) - 20,000-due Oct. 1, 1980		

All above requirements are exactly as per samples attached with the exception of Item #5, in which we require 24lb., weight.

SECTION 5

PRINTED ENVELOPES - PETERBOROUGH CIVIC HOSPITAL

5.1 This section covers the requirements of the following agency who will issue their own purchase order.

Shipping Address: Purchasing Department
Weller Street
Peterborough, Ontario K9J 7C6

Mailing Address: Purchasing Department
Weller Street
Peterborough, Ontario K9J 7C6

5.2 All envelopes in this section will be ordered immediately upon award.

5.3 Prices quoted, shall be Federal & Provincial Sales Taxes extra, F.O.B., shipping address above.

5.4 Award will be based on individual price per item.

5.5 Care must be taken to match ink colour as on samples.

5.6 We will complete delivery of the foregoing within ___ working days from receipt of order. (THIS MUST BE SPECIFIED)

ITEM	QUANTITY	DESCRIPTION	PRICE/M	TOTAL
1.	3,000	3-5/8 x 6-1/2 "Cremetex" 24lb., o/s, imprinted Green and Black Ink. #1005	$_____	$_____
2.	40,000	#9, 4 x 9 Creme Wove, 24lb., o/s, imprinted Green and Black Ink. #1004	$_____	$_____
3.	12,000	3-5/8 x 8-5/8 New Creme Wove, 24lb., Imprinted Green and Black Ink. #1006	$_____	$_____
4.	10,000	4 x 9 White Wove, 20lb., o/s, Glassine Window, imprinted Blue Ink. #2202 (Department of Radiology)	$_____	$_____

DOCUMENT # T-2-80 SPECIFICATIONS PAGE 11...

PRINTED ENVELOPES - ST. JOSEPH'S GENERAL HOSPITAL

6.1 This section covers the requirements of the following agency, who will issue their own purchase order.

Shipping Address: Purchasing Department
384 Roger Street
Peterborough, Ontario K9H 7B6

Mailing Address: Purchasing Department
384 Roger Street
Peterborough, Ontario K9J 7B6

6.2 All envelopes in this section will be ordered immediately upon award.

6.3 Prices quoted, shall be Federal and Provincial Sales Taxes Extra, F.O.B., shipping address above.

6.4 Award will be based on individual price per item.

6.5 Care must be taken to match ink colour as on samples.

6.6 We will complete delivery of the foregoing within ___ working days from receipt of order. (THIS MUST BE SPECIFIED)

ITEM	QUANTITY	DESCRIPTION	PRICE/M	TOTAL
1.	8,000	3-5/8 x 6-1/2 #8 Buff, Krypton Parchment, 24lb., o/s, Im inted Brown and Orange.	$_____	$_____
2.	2,000	4-1/2 x 8-3/4 Brown Kraft, 24lb., o/s Glassine Window, Imprinted Black Ink. "Purchase Orders"	$_____	$_____
3.	60,000	#10, Buff, Krypton Parchment, 24lb., o/s, Imprinted Brown & Orange Ink.	$_____	$_____
4.	4,000	6-1/2 x 9-1/2 Brown Kraft, 24lb., o/e Imprinted Black Ink.	$_____	$_____
5.	5,000	10 x 13 Interdepartment mailing, Brown Kraft, 24lb., o/e, stick-seal, 9-hole punched, Imprinted Black Ink.	$_____	$_____

NOTE Item #5 MUST be 9-hole punched.

SECTION 7

PRINTED ENVELOPES - TRENT UNIVERSITY

7.1 This section covers the requirements of the following agency, who will issue their own purchase order.

Shipping Address:
Stores Department
Science Complex Building
Nassau Campus
Peterborough, Ontario K9J 7B8

Mailing Address :
Purchasing Department
Trent University
Nassau Campus
Peterborough, Ontario K9J 7B8

7.2 All envelopes in this section will be ordered immediately upon award.

7.3 All imprinting on the envelopes in this section, shall be Optima Roman Type, as per samples.

7.4 Ink for imprinting shall be #44520 Letter Press Green or #4519 Offset Green.

7.5 Prices quoted, shall be Federal and Provincial Sales Taxes, F.O.B., shipping address above.

7.6 Award will be based on individual unit price per item.

7.7 We will complete delivery of the foregoing within__working days from receipt of order. (THIS MUST BE SPECIFIED)

ITEM	QUANTITY	DESCRIPTION	PRICE/M	TOTAL
1.	5,000	4-1/2 x 5-3/4, White Wove, 24lb., o/s imprinted Green Ink, on reverse side.	$_____	$_____
2.	50,000	4 x 9 White Wove, 24lb., o/s Cellow Window, Imprinted Green Ink on reverse side.	$_____	$_____
3.	60,000	4 x 9-1/2 24lb., White Wove, o/s Imprinted Green Ink, on reverse side.	$_____	$_____
4.	5,000	6-1/2 x 9-1/2 Brown Kraft, 20lb., o/e unglazed, Imprinted Green Ink "Trent University".	$_____	$_____
5.	7,000	9 x 12 Brown Kraft, unglazed, o/e, 20lb., Imprinted Green Ink, "Information Office".	$_____	$_____
6.	1,000	9 x 12 Brown Kraft, 20lb., unglazed, L/H o/e, Expando, Imprinted Green Ink, "Office of Registrar Printed Matter".	$_____	$_____

DOCUMENT # T-2-80 SPECIFICATIONS PAGE 13...

PRINTED ENVELOPES - TRENT UNIVERSITY

ITEM	QUANTITY	DESCRIPTION	PRICE/M	TOTAL
7.	15,000	9 x 12 Brown Kraft, 20lb., o/e unglazed Imprinted Green Ink "Office of Registrar".	$_____	$_____
8.	5,000	9 x 12 Brown Kraft, 20lb., o/e Imprinted Green Ink "Office of Registrar Printed Matter".	$_____	$_____
9.	2,000	6-1/2 x 9-1/2 20lb., Brown Kraft, o/e Imprinted Green Ink, "Office of the Registrar".	$_____	$_____
10.	2,000	9 x 15 Brown Kraft, 20lb., o/e, Imprinted Green Ink, "Office of the Registrar".	$_____	$_____

CORPORATION OF THE CITY OF PETERBOROUGH
Purchasing Department
200 Townsend Street
Peterborough, Ontario
K9J - 2K3

DOCUMENT NO. 10-79

TENDER FOR - CO-OPERATIVE FUEL OIL

to be submitted on this form, in the envelope provided and delivered to the City of Peterborough, Purchasing Department, 200 Townsend Street, Peterborough, Ontario, not later than 12:00 NOON, FRIDAY, JULY 6, 1979.

I/WE _____
having examined the Specifications and General Conditions, do hereby offer and agree to furnish the fuel oil, as hereinafter described in the Specifications at the price(s) stated Below:

ITEM NO.	EST. QUANTITY	DESCRIPTION	PRICE PER GALLON DELIVERED FIRM PRICE 1 YEAR
1.	176,540	Domestic Fuel #2, to all locations, under 2,000 Gallon Storage.	$_____
2.	1,176,552	Domestic Fuel #2, to all locations, 2000 Gallons and over storage.	$_____
3.	100,000	Bunker Fuel, #5, to Fairhaven Home for the Aged.	$_____

We will complete delivery of the foregoing as per tender.

SUBMITTED BY _____
(Company)

ADDRESS _____

SIGNED _____
(Authorized Official)

TELEPHONE ( ) _____

SECTION 1

DOCUMENT # T-10-79

GENERAL TERMS & CONDITIONS

1.1 CLOSING TIME AND DATE

Sealed Tenders submitted on this form in the envelope provided, and delivered to the City of Peterborough, Purchasing Department, 200 Townsend Street, Peterborough, Ontario, not later than 12:00 NOON: FRIDAY, JULY 6, 1979.

1.2 The Tenderer may quote on all, or any part of the tender. Provision is made for a tendered price for a) Each delivery point,
b) Domestic Fuel by Storage Capacity,
c) All delivery points, front page.

1.3 The successful tenderer may assign the delivery of fuel oil to an agent or carrier. This does not however, relieve the tenderer of any responsibility. The purchasor shall look to the successful tenderer for complete compliance according to the terms and conditions of this tender.

1.4 A firm price for the contract period is desired. If unable to quote a firm price, detail on a separate sheet the proposed pricing and discount plan. No other terms or conditions shall be applicable under this or any other clause of this tender. (SEE CLAUSE 1.14)

1.5 The contract period shall be from date of award to June 30th, 1980.

1.6 The right to reject either the whole, or any part of any tender, and the right to reject any or all tenders, is reserved.

1.7 All tendered prices are to represent price per gallon delivered and placed in the noted storage tanks.

1.8 The quantities shown are estimated only, and the purchasor does not guarantee to purchase these amounts.

1.9 Number Two (#2) Domestic Fuel delivery must be on an automatic degree day system. The successful tenderer assumes the responsibility that each building using #2 Domestic Fuel will have an adequate supply of fuel, at all times. Any expense incurred due to the failure of the supplier to maintain an adequate supply of fuel, shall be charged to the successful tenderer.

1.10 Tenderers MUST submit an analysis of all types of fuel to be supplied.

1.11 Every care must be taken by the successful tenderer during delivery of all types of fuel. Any expense due to spillage etc., will be charged to the supplier. The supplier will be notified of such damage, and will be given fourteen (14) days to rectify the damage. Otherwise, the purchasor will proceed to have the situation corrected. Any costs incurred will be recovered from the successful tenderer.

1.12 Lowest or any Tender not necessarily accepted.

SECTION 1

DOCUMENT # T-10-79 PAGE 3...

GENERAL TERMS & CONDITIONS

1.13 Bunker Fuel delivery must be guaranteed within 48 hours of notice of re-requirements.

1.14 The successful tenderer must supply a collect phone number. Long Distance phone charges will not be the responsibility of the purchasor.

IN-TOWN AGENT (Phone_____)

OUR-OF-TOWN AGENT (Phone _____)

1.15 After award of tender, a meeting will be held with the successful bidder to detail delivery and billing instructions.

1.16 Tenders must be submitted on this form. (NO OTHER TERMS OR CONDITIONS WILL BE ACCEPTABLE).

(THE FOLLOWING BILLING AGENCIES AND MAILING ADDRESSES ARE INCLUDED)

SECTION 2 - Peterborough County Board of Education
P.O. Box 719, Peterborough, Ontario

SECTION 3 - Peterborough, Victoria, Northumberland & Newcastle Roman Catholic Separate School Board
200 Simcoe Street, Peterborough, Ontario

SECTION 4 - Victoria County Board of Education
P.O. Box 420, Lindsay, Ontario

SECTION 5 - Corporation of the City of Peterborough

(a) City of Peterborough, Purchasing Department
200 Townsend Street, Peterborough, Ontario (1,2,3,4 & 5)

(b) Peterborough Utilities Commission
223 Aylmer Street, Peterborough, Ontario

(c) Board of Park Management
610 Parkhill Road West, Peterborough, Ontario

(d) Fairhaven Home for the Aged
Langton Street, Peterborough, Ontario

(e) Peterborough Public Library
510 George Street North, Peterborough, Ontario

(f) Children's Aid Society
570 Water Street, Peterborough, Ontario

(g) Peterborough Memorial Centre
Lansdowne and Lock Street, Peterborough, Ontario

SECTION 6 - County of Peterborough, c/o Doug Armstrong, County Clerk
County Court House, Peterborough, Ontario K9H 3M3

1.17 Public Liability and Property Damage Insurance Coverage is to be submitted with the tender reply. (Amount, Company etcetera).

CLOSING TIME & DATE: 12:00 NOON: JUL - 6 1979

SECTION 2

DOCUMENT # T-10-79 — SPECIFICATIONS — PAGE 4...

PETERBOROUGH COUNTY BOARD OF EDUCATION - #2 DOMESTIC FUEL

PETERBOROUGH CITY SCHOOLS - (Under 2,000 Gallons)	CAPACITY	ESTIMATED GALLONS	PRICE PER GAL 1 YEAR
1. Grove School, Erskine Avenue	1,000	15,000	$
2. Brealey School, Brealey Drive	500	4,000	$
3. Crestwood, Sherbrooke Street West	500	1,300	$
4. Parkhill, Wolsley Street - (2)	400	3,500	$
5. Trafalgar, Cameron Street	1,000	4,000	$
6. Education Centre, 100 Benson Avenue	1,000	16,000	$
Sub-Total		43,800	$
- (Over 2,000 Gallons)			
7. Adam Scott, Hilliard & Langton Street	10,000	83,000	$
8. Armour Heights, McFarlane Street	5,000	12,000	$
9. Central School, Murray Street	3,000	12,000	$
10. Coronation School, R.R. #10, Peterborough	3,000	9,000	$
11. Confederation, Park Street South	5,000	17,000	$
12. Highland Heights, Highland Road	5,000	13,000	$
13. Kawartha Heights, Kawartha Hts. Blvd.	3,000	12,000	$
14. Keith Wightman, St. Mary's Street	2,000	14,000	$
15. King Edward, Aylmer Street	3,000	12,000	$
16. Prince of Wales, Monaghan Road	3,000	10,000	$
17. Queen Elizabeth, Barnardo & Dumble -(1)	5,000		
-(2)	2,000	19,000	$
18. Westmount, Sherwood Crescent	2,000	18,000	$
19. Kenner, Monaghan Road -(2)	10,000		
	5,000	87,000	$
Sub-Total		318,000	$
PETERBOROUGH COUNTY SCHOOLS - (Under 2,000 Gallons)			
20. Chemong Jr. Colborne St.N., Bridgenorth	1,000	9,000	$
21. Maple Grove, R.R. #3, Peterborough	1,000	4,500	$
22. Coldsprings, R.R. #11, Peterborough	500	8,000	$
23. Keen Public School, Keene, Ontario	500	6,500	$
24. Young's Point, Young's Point	500	6,000	$
Sub-Total		34,000	$

CLOSING TIME & DATE: 12:00 NOON: JUL. – 6 19[illegible]

SECTION 2

DOCUMENT # T-10-79 SPECIFICATIONS PAGE 5...

PETERBOROUGH COUNTY BOARD OF EDUCATION - #2 DOMESTIC FUEL

PETERBOROUGH COUNTY SCHOOLS - (Over 2,000 Gallons)	CAPACITY	ESTIMATED GALLONS	PRICE PER GAL 1 YEAR
25. Apsley Central, Apsley, Ontario	2,000	9,000	$
26. Chemong Sr., Bridgenorth	4,000	20,000	$
27. Crestwood Secondary, Sherbrooke St.,W.	10,000	88,000	$
28. Fairview, R.R. #4, Peterborough	2,000	8,000	$
29. Havelock Public School, Mathison St.	4,000	15,000	$
30. Lakefield District High, Bridge St.	5,000	26,000	$
31. Lakefield Jr. School, Ermatinger St.	3,000	4,000	$
32. Lakefield Intermediate, Bridge St.	8,000	14,000	$
33. Norwood District High, Elm Street -(1)	5,000	69,000	$
34. Norwood Public School, Flora Street	2,000	15,000	$
35. Ridpath Memorial, Ermatinger St. Lakefield	2,000	19,000	$
36. Warsaw Sr., Dummer Road, Warsaw	4,000	12,000	$
37. Woodview, Hwy #7, Peterborough	3,000	5,000	$
38. David Fife School, Hwy #7, Indian River	3,000	7,000	$
39. Buckhorn School, Buckhorn	3,000	10,000	$
40. Millbrook High School, Millbrook	5,000	9,500	$
41. Millbrook Public School, Millbrook	3,000	10,400	$
42. South Monaghan School, Bailieboro	5,000	16,500	$
Sub-Total		357,400	$

Total Storage Under 2,000 Gallons... 77,800

Total Storage Over 2,000 Gallons... 675,400

Total Storage Under and Over ... 753,200 Gallons

CLOSING TIME & DATE: 12:00 NOON: JUL. – 6 1979

SECTION 3

DOCUMENT # T-10-79 — SPECIFICATIONS — PAGE 6...

ROMAN CATHOLIC SEPARATE SCHOOL BOARD - #2 DOMESTIC FUEL

PETERBOROUGH CITY SCHOOLS - (Under 2,000 Gallons)	CAPACITY	ESTIMATED GALLONS	PRICE PER GAL 1 YEAR
1. St. Pius School, 580 Cameron	1,000	5,000	$
2. St. Patrick's School, R.R. #6, P'boro	400	3,000	$
3. Administration Annex, 459 Reid Street	400	5,000	$
Sub-Total		13,000	$
- (Over 2,000 Gallons)			
4. Sacred Heart School, Romain Street	3,000	9,000	$
5. St. Teresa's School, Fiarmount Blvd.	2,000	4,000	$
6. St. Alphonsus School, St. Mary's Street	2,000	15,000	$
7. St. Paul's School, Hilliard Street	2,000	11,000	$
8. Immaculate Conception, Robinson Street	3,000	12,000	$
9. St. Anne's School, Benson Street	3,000	14,000	$
10. St. John's School, Jane Street	2,000	12,000	$
11. St. Peter's Intermediate, 431 Reid St.	10,000	33,300	$
Sub-Total		110,300	$
PETERBOROUGH COUNTY SCHOOLS - (Under 2,000 Gallons)			
12. St. Francis DeSales, 3195 Parkhill Rd.	1,000	6,600	$
13. St. Paul's, Lakefield	500	2,900	$
Sub-Total		9,500	$
- (Over 2,000 Gallons)			
14. St. Martin's, Ennismore, 12mi N. of City -(2)	2,000	10,000	$
15. St. Joseph's School, Otonabee, 3mi. S. of City, on Old Keene Road	2,000	5,600	$
16. St. Joseph's School, Douro, 9mi E. of City	2,000	7,300	$
Sub-Total		22,900	$
NORTHUMBERLAND & NEWCASTLE COUNTIES - (Under 2,000 Gallons)			
17. St. Mary's, Port Hope	1,000	4,000	$
18. St. John Bosco, 5mi N. of Port Hope, and S.W., of Garden Hill	1,000	3,000	$
Sub-Total		7,000	$

CLOSING TIME & DATE: 12:00 NOON: JUL. – 6 1979

DOCUMENT # T-10-79 SPECIFICATIONS PAGE 7...

ROMAN CATHOLIC SEPARATE SCHOOL BOARD - #2 DOMESTIC FUEL

	CAPACITY	ESTIMATED GALLONS	PRICE PER GAL 1 YEAR
NORTHUMBERLAND & NEWCASTLE COUNTIES - (Over 2,000 Gallons)			
19. St. Mary's, Campbellford	2,000	6,200	$
20. St. Mary's, Grafton	2,000	6,500	$
Sub-Total		12,700	$
VICTORIA COUNTY - (Over 2,000 Gallons)			
21. St. John's, Kirkfield	2,000	5,700	$
22. St. Luke's, Downeyville, 8mi N. of Omemee	2,000	3,700	$
Sub-Total		9,400	$

Total Storage Under 2,000 Gallons... 29,500

Total Storage Over 2,000 Gallons... 155,300

Total Storage Under and Over ...184,800 Gallons

CLOSING TIME & DATE: 12:00 NOON: JUL. - 6 1979

SECTION 4

DOCUMENT # T-10-79 SPECIFICATIONS PAGE 8...

VICTORIA COUNTY BOARD OF EDUCATION - #2 DOMESTIC FUEL

(Storage Under 2,000 Gallons)	CAPACITY	ESTIMATED GALLONS	PRICE PER GAL 1 YEAR
1. Coboconk Public School, Coboconk	500	3,531	$
2. Norland Public School, Norland	400	2,679	$
3. Kinmount Public School, Kinmount	500	2,572	$
4. Oakwood School, Oakwood, Ontario	500	2,432	$
5. East Oakwood, 3mi W. of Lindsay, Hwy #7	400	2,670	$
6. Kirkfield Public School, Kirkfield	500	3,092	$
7. Fenelon Falls Public School, Fenelon Falls	1,000	10,392	$
8. Grandview Kindergarten, Yelverton	400	1,822	$
Sub-Total		29,190	$

(Storage Over 2,000 Gallons)			
9. Fenelon Falls Secondary, Cameron	6,000	58,372	$
10. Ops Elementary, R.R. #5, Lindsay	3,000	9,805	$
11. Fenelon Twp., Public School	3,000	15,751	$
12. Bobcaygeon Public School, Bobcaygeon	3,000	14,374	$
13. Lady Eaton Elementary, Omemee	3,000	15,824	$
14. Woodville Public School, Woodville	3,000	10,010	$
15. Dunsford District Elementary, Dunsford	3,000	9,016	$
16. Victoria Manor, Angeline St.S., Lindsay	10,000	87,000	$
Sub-Total		220,152	$

Total Storage Under 2,000 Gallons... 29,190

Total Storage Over 2,000 Gallons... 220,152

Total Storage Under and Over ...249,342 Gallons

CLOSING TIME & DATE: 12:00 NOON: JUL. - 6 1979

DOCUMENT # T-10-79

SPECIFICATIONS

CORPORATION OF THE CITY OF PETERBOROUGH - #2 DOMESTIC FUEL

	CAPACITY	ESTIMATED GALLONS	PRICE PER GAL 1 YEAR
(Storage Under 2,000 Gallons)			
1. Public Works Garage, 182 Townsend	500	6,600	$
2. Fire Hall #3, Monaghan Road South	1,000	6,600	$
3. Fire Hall #2, Cumberland Avenue	1,000	6,600	$
4. Public Transit, 38 Hunter St., East	200	1,650	$
5. Peterborough Centennial Museum, Armour Hill	500	6,600	$
6. Peterborough Utilities Filtration Plant, Lakefield Highway	250	300	$
7. Board of Parks Management, 610 Parkhill Road	200	1,000	$
8. Fairhaven Home for the Aged, Langton St.	500	1,800	$
9. Children's Aid Society, 570 Water St.	200	3,600	$
Total		34,750	$
(Storage 2,000 Gallons and Over)			
10. Peterborough Utilites Pumping Stn. Lakefield Highway	2,000	8,000	$
11. De LaFossee Library, 729 Park St. S.	2,000	5,400	$
12. Peterborough Memorial Centre, Lock and Lansdowne Street	10,000	72,000	$
Total		85,400	$

Total Storage Under 2,000 Gallons... 34,750

Total Storage Over 2,000 Gallons... 85,400

Total Storage Under and Over ...120,150 Gallons

5 BUNKER FUEL

1. Fairhaven Home for the Aged, Langton Street	10,000	100,000	$

Total Number of Gallons of Bunker...100,000 Gallons

CLOSING TIME & DATE: 12:00 NOON: JUL. - 6 1979

SECTION 6

COUNTY OF PETERBOROUGH - #2 DOMESTIC FUEL

	CAPACITY	ESTIMATED GALLONS	PRICE PER GAL 1 YEAR
(Storage Under 2,000 Gallons)			
1. Caretaker's Residence, behind the County Court House	200	1,000	$_____
2. Millbrook Depot, County Rd. #10	1,000	1,700	$_____
3. Havelock Depot, County Rd., #46	1,000	2,600	$_____
Total		5,300	$_____
(Storage 2,000 Gallons & Over)			
4. County Court House, Murray St., E.	2,000	29,000	$_____
5. Douro Depot, County Rd., #4 at Junction 134	2,000	6,000	$_____
Total		35,000	$_____

Total Storage Under 2,000 Gallons... 5,300

Total Storage Over 2,000 Gallons...35,000

Total Storage Under and Over ...40,300 Gallons

CORPORATION OF THE CITY OF PETERBOROUGH
Purchasing Department
200 Townsend Street
Peterborough, Ontario
K9J - 2K3

DOCUMENT NO. T - 1-80

TABLE OF CONTENTS

PAGE NUMBER		DESCRIPTION
1		TENDER TITLE, DECLARATION AND COMPANY NAME
2		TANK WAGON PRICING PAGE
3		PRICING PAGE
4	#1.	ANNUAL REQUIREMENTS - REGULAR GASOLINE
		(a) CITY OF PETERBOROUGH, PUBLIC WORKS DEPARTMENT
		(b) BORDER TRANSIT LIMITED
		(c) PETERBOROUGH UTILITIES COMMISSION
		(d) TRENT UNIVERSITY PURCHASING
		(e) COUNTY ENGINEER'S OFFICE (DOURO, MILLBROOK & HAVELOCK DEPOT)
5	#2.	- PREMIUM GASOLINE
		(a) PETERBOROUGH FIRE DEPARTMENT
5	#3.	- NON-LEADED GASOLINE
		(a) PETERBOROUGH POLICE DEPARTMENT
5	#4.	- DIESEL FUEL
		(a) CITY OF PETERBOROUGH, PUBLIC WORKS DEPARTMENT
		(b) PUBLIC TRANSIT LIMITED
		(c) COUNTY ENGINEER'S OFFICE (DOURO, MILLBROOK & HAVELOCK DEPOT)

CORPORATION OF THE CITY OF PETERBOROUGH
Purchasing Department
200 Townsend Street
Peterborough, Ontario
K9J - 2K3

DOCUMENT NO. T-1-80

TENDER FOR - #2 GASOLINE, PREMIUM GASOLINE, NON-LEADED GASOLINE AND DIESEL FUEL

to be submitted on this form and in the envelope provided, and delivered to the City of Peterborough, Purchasing Department, 200 Townsend Street, Peterborough, Ontario, not later than 12:00 NOON: MONDAY, FEBRUARY 4TH, 1980.

I/WE
having examined the Standard Tender and Contract Terms and Conditions, do hereby offer and agree to furnish the Petroleum Products, as hereinafter described in the Specifications, at the prices shown on pages 2 & 3.

We will complete delivery of the foregoing, on a twenty-four hour (24 hr.) deman basis or as required in the Specifications and General Conditions on pages 4 and 5. YES( ) NO( )

SUBMITTED BY _____
(COMPANY)

ADDRESS _____

SIGNED _____
(AUTHORIZED OFFICIAL)

DATE _____ TELEPHONE ( )

COMPANY REPRESENTATIVE _____
(PLEASE PRINT)

PAGE 2...

TENDER NO. 1-80

TANK WAGON PRICING

	REGULAR	GASOLINE PREMIUM	NON-LEADED
Tank Wagon Price	$	$	$
Federal Sales Tax	$	$	$
Provincial Sales Tax	$	$	$
Sub-Total	$	$	$
FIRM Discount from Tank Wagon Price	$	$	$
TOTAL PRICE	$	$	$
FIRM Discount to apply for 1 Year	YES( ) NO( )	YES( ) NO( )	YES( ) NO( )
FIRM Discount to apply for 2 Years	YES( ) NO( )	YES( ) NO( )	YES( ) NO( )

	DIESEL FUEL
Tank Wagon Price	$
Federal Sales Tax	$
Provincial Sales Tax	$
Sub-Total	$
FIRM Discount from Tank Wagon Price	$
TOTAL PRICE	$
FIRM Discount to apply for 1 Year	YES( ) NO( )
FIRM Discount to apply for 2 Years	YES( ) NO( )

ADVANCE NOTICE OF PRICE CHANGE ( ) DAYS.

CLOSING TIME & DATE: 12:00 NOON, MONDAY, FEBRUARY 4, 1980

CLOSING TIME & DATE: 12:00 NOON, MONDAY, FEBRUARY 4TH, 1980

Page 3...

PRICING PAGE

TENDER NO. T-1-80

1 YEAR PERIOD

ITEM NO.	EST. GALLONS	DESCRIPITON	F.S.T.	P.S.T.	UNIT PRICE	TOTAL PRICE
1.	270,900	#2-GASOLINE -As per Page 4, (a)(b)(c)(d) & (e)	$_____	$_____	$_____	$_____
2.	6,500	PREMIUM -As per Page 5, (a)	$_____	$_____	$_____	$_____
3.	45,000	NON-LEADED GASOLINE -As per Page 5, (a)	$_____	$_____	$_____	$_____
4.	201,000	DIESEL FUEL -As per Page 5, (a)(b)&(c)	$_____	$_____	$_____	$_____

2 YEAR PERIOD

1.	270,900	#2-GASOLINE -As per Page 4, (a)(b)(c)(d) & (e)	$_____	$_____	$_____	$_____
2.	6,500	PREMIUM -As per Page 5, (a)	$_____	$_____	$_____	$_____
3.	45,000	NON-LEADED GASOLINE -As per Page 5, (a)	$_____	$_____	$_____	$_____
4.	201,000	DIESEL FUEL -As per Page 5, (a)(b)&(c)	$_____	$_____	$_____	$_____

TENDER NO. 1-80

SPECIFICATIONS AND GENERAL CONDITIONS

Sealed Tenders in the envelope provided, will be received by the City of Peterborough, Purchasing Department, 200 Townsend Street, Peterborough, Ontario, not later than 12:00 NOON: MONDAY, FEBRUARY 4TH, 1980, - FOR THE SUPPLY OF GASOLINE, AND DIESEL FUEL.

THIS TENDER COMBINES THE ANNUAL REQUIREMENTS OF THE FOLLOWING:

1. REGULAR GASOLINE

The gasoline to be supplied, shall be in accordance with the Government Specification 3GP-1B, Type #2, commonly known as #2 Grade.

	STORAGE CAPACITY	EST. CONSUMP.
(a) CITY OF PETERBOROUGH, PUBLIC WORKS 182 TOWNSEND STREET	5,000 Imp. Gal.	148,200 Gal.

DELIVERY - Every Tuesday a.m. and/or within 24 hours upon demand.
- Twice weekly, during snow clearing season.

(b) PUBLIC TRANSIT LIMITED 38 HUNTER STREET EAST	2,000 Imp. Gal.	30,700 Gal.

DELIVERY - Shall be on a demand basis within 24 hours, or as requested on a scheduled basis.

(c) PETERBOROUGH UTILITIES COMMISSION 223 AYLMER STREET	1,000 Imp. Gal.	45,000 Gal.

DELIVERY - To be scheduled every 7 days, metered amount. Emergency deliveries upon request within 24 hours.

(d) TRENT UNIVERSITY PURCHASING NASSAU CAMPUS	2,000 Imp. Gal.	6,000 Gal.

DELIVERY - To be on a demand basis within 24 hours.

(e) COUNTY CLERK'S OFFICE, COUNTY COURT HOUSE
BETWEEN MCDONNEL & MURRAY ST.E. PETERBOROUGH

Douro Depot	2,000 Imp. Gal.	25,000 Gal.
Millbrook Depot	2,000 Imp. Gal.	10,000 Gal.
Havelock Depot	2,000 Imp. Gal.	6,000 Gal.

DELIVERY - Shall be on a demand basis within 24 hours, or as requested on a scheduled basis.

2. PREMIUM GASOLINE

This is used by the Fire Department only, and should be what is commonly known in the trade, as Premium Grade.

CLOSING TIME & DATE: 12:00 NOON, MONDAY, FEBRUARY 4TH, 1980

TENDER NO. 1-80

SPECIFICATIONS AND GENERAL CONDITIONS

	STORAGE CAPACITY	EST. CONSUMP.

2. PREMIUM GASOLINE - (continued...)

(a) PETERBOROUGH FIRE DEPARTMENT
210 SHERBROOKE STREET — 1,000 Imp. Gal. — 6,500 Gal.

DELIVERY - As required within 24 hours upon demand.

3. NON-LEADED GASOLINE

This is used by the Police Department, and new vehicles, and should be what is commonly known in the trade, as Non-Lead Fuel.

(a) PETERBOROUGH POLICE DEPARTMENT
500 WATER STREET — 3,000 Imp. Gal — 45,000 Gal.

DELIVERY - Scheduled delivery every two (2) weeks, or as required on a demand basis within 24 hours.

4. DIESEL FUEL

Diesel Fuel shall mean fuel oil at least equal in all respects to Canadian Government Specifications 3GP-6B, Grade #1, or latest ammendment.

(a) CITY OF PETERBOROUGH, PUBLIC WORKS
182 TOWNSEND STREET — 1,000 Imp. Gal. — 21,000 Gal.

DELIVERY - Shall be on a demand basis within 24 hours, or as requested on a scheduled basis.

(b) PUBLIC TRANSIT LIMITED
38 HUNTER STREET EAST — 5,000 Imp. Gal. — 160,000 Gal.

DELIVERY - Shall be on a demand basis within 24 hours, or as requested on a scheduled basis.

(c) COUNTY CLERK'S OFFICE, COUNTY COURT HOUSE
BETWEEN MCDONNEL & MURRAY ST.E. PETERBOROUGH

Douro Depot	2,000 Imp. Gal.	13,000 Gal.
Millbrook Depot	2,000 Imp. Gal.	4,000 Gal.
Havelock Depot	2,000 Imp. Gal.	3,000 Gal.

DELIVERY - Shall be on a demand basis within 24 hours, or as requested on a scheduled basis.

Appendix IV

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA PUBLIC PURCHASING COMMITTEE

TENDER FOR THE SUPPLY OF GASOLINE, DIESEL FUEL, LUBRICANTS & KEROSENE

TENDER NUMBER 79-T-19

THE REGIONAL MUNICIPALITY OF NIAGARA

NIAGARA PUBLIC PURCHASING COMMITTEE

TENDER FOR THE SUPPLY OF GASOLINE,
DIESEL FUEL, LUBRICANTS & KEROSENE
TENDER NUMBER 79-T-19

TENDER CONDITIONS

1. General Description

This tender provides for the supply and delivery of gasoline, diesel fuel, lubricants and kerosene to participating Government agencies within the Regional Municipality of Niagara.

2. Date and Place for Receiving Tenders

Tenders will be received by the Clerk, Mr.N.J. Dawson, Regional Municipality of Niagara, 150 Berryman Avenue, St. Catharines, Ontario, until 2:00 p.m. local time, Tuesday 29th May 1979.

Tenders will be opened at a public tender opening meeting at 2:15 p.m. local time, Tuesday 29th May 1979.

3. Form of Tender

Tenders must be submitted on the attached Form of Tender and enclosed in the tender envelope provided.

Bidders may bid on any or all items on the Form of Tender. All unit prices must be clearly indicated and all extensions and lump sum prices written in figures.

The bid must not be restricted by a statement added to the Tender Form or by a covering letter, or by alteration to the Tender Form as supplied unless otherwise provided herein. Bidders will be allowed to attach descriptive literature with the sole purpose of amplifying the bid. Adjustments by telegram or letter to a tender already submitted will not be considered. The Tender Form must be signed and witnessed, in the space provided on the Form, with the signature of the bidder or responsible official of the firm bidding. If a joint bid is submitted, it must be signed and addressed on behalf of each bidder.

4. Clarification

It will be the tenderer's responsibility to clarify and details in question before submitting his bid. All official correspondence in regards to the specifications should be directed to and will be issued by the Purchasing Section of the Regional Municipality of Niagara, 150 Berryman Avenue, St. Catharines, Ontario, L2R 7E9. The participating Government agencies will assume no responsibility for oral instruction or suggestion.

5. Interpretation of Estimates

The quantities as shown on the Tender Form are estimates only and shall be used as a basis for calculation upon which the award of the contract will be made. These quantities are not guaranteed to be accurate and are furnished without any liability of the participating Government agencies whether decreased or increased.

6. Acceptance or Rejection of Tenders

The participating Government agencies reserve the right to reject any or all tenders for any reason whatever and to accept any proposal if considered best for the interests of the participating Government agencies.

7. Announcement

No announcement concerning the successful tender will be made until a complete report is prepared by the Municipalities and Commissions and approved by the individual Councils, Commissions and Boards.

8. Error and Corrections

The participating Government agencies will make all necessary corrections to any tender which is in error through addition or extension, the corrected value prevailing.

9. Withdrawal of Tender

A bidder will be permitted to withdraw his tender unopened, after it has been deposited, if such a request is received in writing prior to the time specified for the opening of tenders.

10. Disqualification of bidders

More than one tender from an individual firm, partnership, corporation or association under the same or different names, will not be considered. Collusion between bidders will be sufficient for rejection of all tenders so affected.

11. Billings

The successful bidder will be supplied with the correct mailing address, for all invoices, by the individual participating Government agencies.

TENDER CONDITIONS

12. Equipment

Unless otherwise stated on the Form of Tender, all equipment, storage tanks and pumps, noted at each location, is installed and is the property of the participating Government agencies.

13. Specifications

Tenderer's are required to submit complete specifications for all products tendered.

14. Responsibility

The successful tenderer will be required, within thirty (30) days of the contract award, to supply the participating Government agencies with copies of a lubrication recommendation of products under sections 10 thru 22 and a guarantee that when lubrication products are used as recommended any damage to equipment that can be attributed to or resulting from the use of that product will be the responsibility of the supplier.

15. Duration of the Contract

This contract will be awarded for a period of twelve (12) months. Price adjustments will be considered only on the dates established by the Federal Government for increases in crude oil and changes in Sales and Excise Taxes. Government agencies require thirty (30) days advance written notice on such price increases and reserve the right to cancel the contract on thirty (30) days advance written notice.

16. Insurance

The successful tenderer shall indemnify all participating Government agencies from and against all liability under such statutes, laws and regulations and in respect to all claims that may arise or be made against the participating Government agencies, at common law or otherwise by reason or injury or death of any person or persons, or employee or employees of the successful tenderer and/or sub contactor employed in the work.

17. Sub Contracts

The successful tenderer will not, without the written consent of the participating Government agencies make any assignment or any sub contract for the execution of any product hereby tendered on.

TENDER CONDITIONS

18. Liability

The successful tenderer, his agent, all workmen and persons employed by him or under his control will use due care that no person or persons are injured and that no property is damaged in the prosecution of the work and the successful tenderer will be solely responsible for all damages to person or property, including theft, whether the property is owned by the participating Government agencies or any of their employees.

19. Brand Names

All reference to brand name products in this tender is for the sole purpose of identifying the type and quality of product required. When tendering, please state your equivalent product, meeting the specifications of the brand indicated.

20. Unit of measure

All prices will be based on metric (SI) units of measure.

21. Credit Cards

In addition to bulk storage gasoline is purchased at regular retail outlets on credit cards. Please state discounts applicable to credit card purchases on Form of Tender.

22. Multi Grade Motor Oil

Due to new developments in motor oils tenderers are requested to submit prices under item number 10 for Multi Grade motor oil, Gulf Super Plus 15W-40 or equivalent.

The quantities listed by Agencies under single grade motor oil will be reduced accordingly if that Agency elects to purchase Multi grade.

TENDER CONDITIONS

23. Participating Government Agencies

1. The Regional Municipality of Niagara
2. City of St. Catharines
3. City of Niagara Falls
4. City of Welland
5. St. Catharines Transit Commission
6. Niagara Falls Transit Commission
7. Welland Transit Commission
8. City of Port Colborne
9. Town of Niagara-on-the-Lake
10. Town of Grimsby
11. Town of Lincoln
12. Township of Wainfleet
13. Town of Pelham
14. City of Thorold
15. Town of Fort Erie
16. St. Catharines Public Utilities Commission
17. Brock University
18. Lincoln County Board of Education
19. Niagara College

THE REGIONAL MUNICIPALITY OF NIAGARA
NIAGARA PUBLIC PURCHASING COMMITTEE

TENDER FOR THE SUPPLY OF GASOLINE,
DIESEL FUEL, LUBRICANTS & KEROSENE
TENDER NUMBER 79-T-19

FORM OF TENDER

I/We, the undersigned, having examined the Information to Bidders, General Conditions and Specifications, do hereby tender and offer to enter into an agreement with the participating Government agencies for the supply and delivery of gasoline, diesel fuel, lubricants and kerosene at the prices indicated.

TENDER SUBMITTED BY: _____

ADDRESS: _____

_____

_____ _____ POSTAL CODE _____

SIGNATURE: _____

TITLE: _____

WITNESSED BY: _____

TITLE: _____

DATED: _____

THE REGIONAL MUNICIPALITY OF NIAGARA
NIAGARA PUBLIC PURCHASING COMMITTEE

TENDER FOR THE SUPPLY OF GASOLINE,
DIESEL FUEL, LUBRICANTS & KEROSENE
TENDER NUMBER 79-T-19

FORM OF TENDER

SCHEDULE OF UNIT PRICES

1. Credit Card Purchases

Discount Schedule

Monthly invoice $0 to $500.00 _____%
Monthly invoice $501 to $1,000.00 _____%
Monthly invoice over $1,000.00 _____%

2. Supply and Delivery of No. 1 Grade Gasoline Premium

Posted tank wagon price $_____ Net Price per litre $_____
Discount _____ Fuel tax per litre $_____
TOTAL PRICE PER LITRE $_____

3. Supply and Delivery of No. 2 Grade Gasoline Regular

Posted tank wagon price $_____ Net Price per litre $_____
Discount _____ Fuel tax per litre $_____
TOTAL PRICE PER LITRE $_____

4. Supply and Delivery of Gasoline Unleaded Regular

Posted tank wagon price $_____ Net Price per litre $_____
Discount _____ Fuel tax per litre $_____
TOTAL PRICE PER LITRE $_____

5. Supply and Delivery of Diesel Fuel # 2

Posted tank wagon price $_____ Net Price per litre $_____
Discount _____ Fuel tax per litre $_____
TOTAL PRICE PER LITRE $_____

6. Supply and Delivery of Diesel Fuel # 1

Posted tank wagon price $_____ Net Price per litre $_____
Discount _____ Fuel tax per litre $_____
TOTAL PRICE PER LITRE $_____

FORM OF TENDER

SCHEDULE OF UNIT PRICES

7. Supply and Delivery of Gasoline - White Marine type

Net price per litre $_____

Taxes $_____

Total Price/litre $_____

8. Supply and Delivery of Kerosene

Net price per litre $_____

Taxes extra

9. Supply and Delivery of Varsol

Net price per litre $_____

Taxes $_____

Total price/litre $_____

10. Supply and Delivery of Multi Grade Motor Oil 24 litres per case

Net price per litre $_____

Taxes extra

11. A. Supply and Delivery of H.D. Motor Oil 24 litres per case

Net price per litre $_____

Taxes extra

11. B. Supply and Delivery of H.D. Motor Oil 205 litre drum

Net price per litre $_____

Taxes extra

12. Supply and Delivery of series 3 Motor Oil

Net price per litre $_____

Taxes extra

13. Supply and Delivery of Diesel Motor Oil

A. 1 litre can Net price per litre $_____

B. 205 litre drums Net price per litre $_____

C. Bulk Net price per litre $_____

Taxes extra

14. Supply and Delivery of Mineral Base Motor Oil

Price per litre $_____

Taxes extra

15. A. Supply and Delivery of Automatic Transmission Fluid - type "A" - 24 litres per case

Net price per litre $_____

Taxes extra

FORM OF TENDER
SCHEDULE OF UNIT PRICES

15. B. Supply and Delivery of Automatic Transmission Fluid Type "A"

Net price per litre $_____
Taxes extra

16. Supply and Delivery of Automatic Transmission Fluid Type "F"

Net price per litre $_____
Taxes extra

17. Supply and Delivery of Hydraulic Oil

Net price per litre $_____
Taxes extra

18. Supply and Delivery of Gear Oil

A. Net price per litre # 140 $_____

B. Net price per litre # 90 $_____
Taxes extra

19. Supply and Delivery of Chassis Grease

Net price per kilogram $_____
Taxes extra

20. Supply and Delivery of Lube Tubes

A. Net price per tube H.D. $_____

B. Net price per tube E.P. $_____
Taxes extra

21. Supply and Delivery of Chain Oil

A. Net price per litre light $_____

B. Net price per litre heavy $_____
Taxes extra

FORM OF TENDER
SCHEDULE OF UNIT PRICES

22. Tractor Rear End Oil
20 litre pails

Net price per litre $_____
Taxes extra

THE REGIONAL MUNICIPALITY OF NIAGARA
NIAGARA PUBLIC PURCHASING COMMITTEE

TENDER FOR THE SUPPLY OF GASOLINE,
DIESEL FUEL, LUBRICANTS & KEROSENE
TENDER NUMBER 79-T-19

PRODUCTS

		CONTAINER SIZE
2.	Gasoline # 1 Grade Primium	Bulk
3.	Gasoline # 2 Grade Regular	Bulk
4.	Gasoline No-lead Regular	Bulk
5.	Diesel Fuel # 2	Bulk
6.	Diesel Fuel # 1	Bulk
7.	Gasoline White Marine	Bulk
8.	Kerosene	205 litre drum
9.	Varsol	205 litre drum
10.	Multi grade Motor Oil 15W-40	1 litre metal can
11. A.	XHD Single grade motor oil 10W-50W	1 litre metal can
11. B.	XHD Single grade motor oil 10W-50W	205 litre drums
12.	Series 3 Motor Oil	1 litre metal can
13. A.	Diesel motor oil SAE 30 G.M. Spec.	1 litre metal cans
13. B.	Diesel motor oil SAE 30 G.M. Spec.	205 litre drum
13. C.	Diesel motor oil SAE 30 G.M. Spec.	Bulk
14.	Mineral base motor oil	1 litre metal can
15. A.	Automatic transmission fluid Type "A"	1 litre metal can
15. B.	Automatic transmission fluid Type "A"	205 litre drum
16.	Automatic transmission fluid Type "F"	1 litre metal can
17.	Hydraulic oil	205 litre drum
18. A.	Gear Oil # 140	60 litre keg
18. B.	Gear oil # 90	60 litre keg
19.	Chassis grease	55 Kg keg
20. A.	Grease-General purpose-Lube Tubes Barimol Heavy	400 gram tubes
20. B.	Grease-General purpose-Lube tubes EP2	400 gram tubes
21. A.	Chain Oil - Light	5 litre container
21. B.	Chain Oil - Heavy	5 litre container
22.	Tractor rear end oil	20 litre pail

THE REGIONAL MUNICIPALITY OF NIAGARA
NIAGARA PUBLIC PURCHASING COMMITTEE

TENDER FOR THE SUPPLY OF GASOLINE,
DIESEL FUEL, LUBRICANTS & KEROSENE
TENDER NUMBER 79-T-19

PRODUCT REQUIREMENT IN LITRES

QUANTITY (STORAGE CAPACITY)

	2 Gasoline Premium	3 Gasoline Regular	4 Gasoline Regular No Lead	5 Diesel Fuel # 1	6 Diesel Fuel # 2	7 Gasoline White Marine	8 Kerosene	9 Varsol
1. Regional Municipality of Niagara 144 Dunkirk Rd, St. Catharines		181,845 (13,638)			13,638 (13,638)		4,546	2,050
25 Scott Street, St. Catharines.		122,744 (13,638)						
Neidles Crossing, Welland		340,957 (22,730)	4,546 (4,546)		27,277 (13,638)			
Regional Road 14, Smithville		168,205 (22730)			15,911 (9,092)			
Sann Road, Beamsville		90,922 (9,092)			13,638 (9,092)			
Hwy. 20 & Reg. Road 24, Pelham		90,922 (13,638)			9,092 (13,638)			
Townline Rd., & Mountain Rd, Thorold		90,922 (22,730)	9,092 (9,092)		9,092 (22,730)			
REGIONAL POLICE 68 Church St., St. Catharines			681,914 (22,730)					
4343 Morrison St., Niagara Falls			477,425 (22,730)					
Lincoln St., Welland			636,452 (22,730)					
Courtwright St., Fort Erie			163,659 (13,638)					

THE REGIONAL MUNICIPALITY OF NIAGARA
NIAGARA PUBLIC PURCHASING COMMITTEE

TENDER FOR THE SUPPLY OF GASOLINE,
DIESEL FUEL, LUBRICANTS & KEROSENE
TENDER NUMBER 79-T-19

PRODUCT REQUIREMENT IN LITRES

QUANTITY (STORAGE CAPACITY)

	2 Gasoline Premium	3 Gasoline Regular	4 Gasoline Regular No Lead	5 Diesel Fuel # 1	6 Diesel Fuel # 2	7 Gasoline White Marine	8 Kerosene	9 Varsol
2. City of St. Catharines Central Fire Hall, Geneva St	68,191 (4,546)							
Service Centre, Lake St		500,070 (45,461)	195,481 (22,730)		68,191 (22,730)		9,092	
Victoria Lawn Cem. Queenston Rd.		27,277 (1,137)						
Disposal site, Pelham Rd		18,184 (2,273)						
Parks & Recreation, Geneva St		136,383 (9,092)						
3. City of Niagara Falls Service Centre, Stanley Ave		795,566 (36,369)			80,446 (22,730)		2,273	
South End Depot, Willoughby Dr		72,737 (22,730)			19,094 (9,092)			
Disposal Area, Mountain Rd and Q.E.W.					88,649 (6,819)			
Cemetry Fairview & Lundys Ln						9,092 (2x2,273)		
4. City of Welland Lincoln & Prince Charles		275,000 (13,638)			35,000 (4,546)			
Water Dept, Cross St		70,000 (4,546)			7,000 (2,273)			

PRODUCT REQUIREMENT IN LITRES

QUANTITY (STORAGE CAPACITY)

	2 Gasoline Premium	3 Gasoline Regular	4 Gasoline Regular No Lead	5 Diesel Fuel # 1	6 Diesel Fuel # 2	7 Gasoline White Marine	8 Kerosene	9 Varsol
Parks-Ontario & Memorial Pk.Rds		70,000 (9,092)						
Fire Hall-Division & Hellems		15,000 (4,546)						
5. St. Catharines Transit Commission				1,363,827 (45,460)				
6. Niagara Falls Transit Commission				1,022,870 (45,460)				
7. Welland Transit Commission				465,000 (27,271)				
8. City of Port Colborne King Street		100,000 (9,092)			95,468 (4,546)		1,227	
9. Town of Niagara on the Lake Hwy. 55 & Reg. Rd 100		104,560 (9,092)	2,273 (2,273)		45,461 (9,092)		4,092	
10. Town of Grimsby 33 Service Rd West		159,113 (22,730)	204,574 (13,638)		22,730 (9,092)		1,227	
11. Town of Lincoln Quarry Road		86,376 (9,092)	7,274 (909)		23,640 (4,546)			
Jordan Road		68,191 (4,546)	7,274 (909)		19,094 (2,273)			

PRODUCT REQUIREMENT IN LITRES

QUANTITY (STORAGE CAPACITY)

		2 Gasoline Premium	3 Gasoline Regular	4 Gasoline Regular No Lead	5 Diesel Fuel # 1	6 Diesel Fuel # 2	7 Gasoline White Marine	8 Kerosene	9 Varsol
12.	Township of Wainfleet Waste Disposal		6,819 (1,137)			11,365 (909)			
	Roads Dept		65,918 (4,546)	5,910		47,279 (3,182)			
13.	Town of Pelham Tice Road		68,191 (2,273)			68,191 (2,273)			
14.	City of Thorold Works-Beaverdams		145,475 (13,638)			36,369 (9,092)			
	Recreation-Albert St		8,200 (9,092)			3,600 (4,596)			
15.	Town of Fort Erie Ridgeway		181,844 (7,956)			31,823 (3,410)			
	Lewis St		63,645 (9,092)			4,546 (2,273)			
	East End Arena		9,092 (2,273)						
	West End Arena		4,546 (1,137)						

PRODUCT REQUIREMENT IN LITRES

QUANTITY (STORAGE CAPACITY)

	2 Gasoline Premium	3 Gasoline Regular	4 Gasoline Regular No Lead	5 Diesel Fuel # 1	6 Diesel Fuel # 2	7 Gasoline White Marine	8 Kerosene	9 Varsol
16. St. Catharines Public Utilities Commission 129 Church Street		14,000 (13,638)						
Vansickle Rd		170,000 (22,730)			4,546 (4,546)			
17. Brock University		36,750 (4x 1,137)						
18. Lincoln County Board of Education								1,230
19. Niagara College								410
TOTALS	68,191	4,359,454	2,395,870	2,851,697	801,140	9,092	22,457	3,690

PRODUCT REQUIREMENTS IN LITRES

	11	12	13	14	15	16	17	18	19	20	21	22
Regional Municipality of Niagara	A 12,052		A 341		A 4,011		9,092	B 472	544	B 600	A 327 B 218	455
Regional Police	A 1,920											
City of St. Catharines	A 10,910	727		909	A 1,227	273	2,046	A 120 B 355	544	A 180		
City of Niagara Falls	A 12,274	409			B 1,227		8,592	B 59	653			
St.Catharines Transit Commission			C 11,365									
Welland Transit Commission			B 4,300									
City of Port Colborne	B 1,637	4,091			B 2,046		182	B 272	55	A 120	A 109	
Town of Niagara on the Lake	B 2,046	818			B 205		614	B 614		A 1,200		
Town of Grimsby	B 1,673	205					205	B 205	55	B 90		205
Town of Pelham	A 909		B 909		A 90		909	B 455	218			
City of Thorold	B 1,023		B 409		B 205		614					
Town of Fort Erie	A 637											
St. Catharines Public Utilities Commission	B 1,200											
Niagara College	A 192									B 66		
TOTALS	A 38,894 B 7,579	6,250	A 341 B 5,618 C 11,365	909	A 5,328 B 3,628	273	22,254	A 120 B 2,432	2,069	A 1,500 B 756	A 436 B 218	660

APPENDIX V

CO-OPERATIVE PURCHASING IN HAMILTON-WENTWORTH

THE TOWN OF ANCASTER

THE TOWN OF DUNDAS

THE TOWNSHIP OF FLAMBOROUGH

THE TOWNSHIP OF GLANBROOK

THE CITY OF HAMILTON

THE TOWN OF STONEY CREEK

THE REGIONAL MUNICIPALITY OF HAMILTON-WENTWORTH

STRUCTURE

1. The participating municipalities agree to engage in co-operative purchasing, administered by a Co-operative Purchasing Committee.

2. The Co-operative Purchasing Committee will be composed of seven members, one from each of the participating municipalities. This will normally be the individual responsible for purchasing in that municipality.

   The Purchasing Co-ordinator for the Region will act as Chairman of the group.

3. Each member of the committee will be responsible for communication of the committee's action, decisions, etc. to the administrative staff of his/her individual municipality so that all staff members of each municipality who are affected will be acquainted with the committee's operation.

4. The administration of the co-operative purchasing arrangement will be the responsibility of the committee. Any changes to administrative methods will be agreed to by the committee before being put into effect.

5. The committee will be responsible for recommending any policy changes to the co-operative purchasing arrangement. Such proposed policy changes will go from the committee as a recommendation to the Regional Co-ordinator who will forward them to Regional Council for its endorsation and recommendation to the six area municipality councils.

6. The committee will meet a minimum of once in six months, at the call of the Chairman.

   At each meeting, the committee will review the items scheduled for co-operative tender during the ensuing six months, and will discuss such other matters as may appropriately come before it.

   It is important that each municipality be represented at every meeting. Any committee member unable to attend a meeting will arrange for the attendance of an alternate.

OPERATION

1. All of the committee's deliberations will be governed by the over-riding realization that the joint purchasing arrangement was undertaken in the interest of dollar savings. All decisions of the committee will be those which are in the opinion of the committee, in the best interest of the taxpayers of the seven participating municipalities.

2. Only goods and services which in the opinion of the committee, based on volume, etc., lend themselves to a more advantageous price by co-operative tendering, will be considered.

3. A central specification file will be established and maintained by the Regional Purchasing Co-ordinator. The specifications, which should be clear and concise, will be included in the tender call.

   Revisions to the file will be approved by the committee at a regular meeting.

   All participating municipalities will have access to the specification file.

4. The committee will establish a schedule of dates on which specific goods or services will be offered to tender.

   Six weeks prior to the schedule date, the Purchasing Co-ordinator will request from the seven participating municipalities, details of their requirements of the goods or service, including quantity, delivery schedule, delivery point, etc. This information shall be supplied to the Purchasing Co-ordinator two weeks previous to the scheduled tender call date.

   Each municipality shall have the option to refrain from participating in a specific tender call. The municipality shall advise the Regional Purchasing Co-ordinator in writing of its decision not to participate.

5. The Purchasing Coordinator shall maintain a file of vendors who have indicated an interest in tendering on specific goods or services. This file shall be revised as necessary, at a regular meeting of the

Co-operative Purchasing Committee. (All such vendors on file will be notified when a tender for goods or services is being offered.

6. Tenders shall be issued following the policies established by Regional Council and procedures in operation in the Region (See Regional Procedure No. 181.001.03 attached).

   The tender call shall specify that all taxes shall be quoted as extra, and the percentage of Federal Sales Tax is to be indicated. This is necessary because varying sales tax conditions may apply to the participating municipalities.

7. Each committee member will report the results of the tender call to his or her council for the purchase of goods or services as recommended by the committee. Each participating municipality is expected to accept the recommended tender. A copy of the recommendation to council for each municipality will be forwarded to the Purchasing Co-ordinator.

8. Each municipality is expected to have a representative at the tender opening.

   Following the tender opening, a meeting of the committee will be held to decide on the tender which will be recommended to the respective councils.

9. The control of ordering, receiving, and payment for tendered items will remain the responsibility of the individual municipality. Each municipality will issue its own purchase order for its portion of the tender which will specify delivery date, location, etc. Each municipality will retain responsibility for expediting, quality, inspection, etc. and for payment for its portion of the co-operative purchase.

10. The Co-operative Purchasing Program will be subject to annual review and any recommendations for change will be processed in the same manner as was used for implementation.

INITIATION

1. Initially, the members of the committee will be:

   J. Stokoe, Ancaster
   G. MacMurray, Dundas
   J. Smith, Flamborough
   C. Switzer, Glanbrook
   T. Bradley, Hamilton
   B. Kipps, Stoney Creek
   A. Charman, Hamilton-Wentworth

2. Initially, the items which will be considered for co-operative tendering are:

   Salt
   Gasoline
   Fuel Oil
   Bond Papers
   Calcium Chloride
   Sand
   Corrugated Pipe
   Electric Light Bulbs

3. Initially, co-operative purchasing efforts will be limited to tendered items. After some experience, the committee will discuss extending it to non-tendered items, although at this point, it seems unlikely that any non-tendered items will have sufficient volume to warrant joint purchasing.

4. Initially, the co-operative effort will be limited to the Region and its six area municipalities. After some experience, consideration will be given by the committee to extending the co-operative effort by inviting participation from other Public bodies such as the school boards, McMaster University, etc.